

# The Real Estate ANALYST

AUGUST 30  
1946

A concise easily digested periodic analysis based upon scientific research in real estate fundamentals and trends. Constantly measuring and reporting the basic economic factors responsible for changes in trends and values. Current Studies... Surveys... Forecasts

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VOLUME XV

REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS

## LOCAL BUSINESS MEASURED BY DEPARTMENT STORE SALES

DEPARTMENT store sales on the average in the United States have increased by 27.5 per cent in the last year. A part of this increase is, of course, due to the increase in general prices, but since the cost of living has increased in the same period by only 8.7 per cent, the chances are that not over one-third to one-half of the increase in department store sales can be attributed to the increase in price, leaving the balance as an actual increase in physical volume. On eight pages in this report the figures for department store sales are charted city by city for principal cities. On each of these charts the blue line represents the trend in the individual city; the red line (the same on each chart) represents the trend of all department store sales in the United States. A few charts on these pages contain no blue line. These charts represent cities for which local figures are not yet available, but we believe that figures in these cities will be available in the near future. The red line on the chart shows the national average only.

These charts are not adjusted in any way for population changes. The rapid increases in department store sales in some cities were due primarily to the fact that these cities have increased rapidly in size during the period covered by the chart. The figures were plotted month by month for each city but were then smoothed to eliminate minor fluctuations. In a few cities only annual figures are available and in these cities the lines run very smoothly.

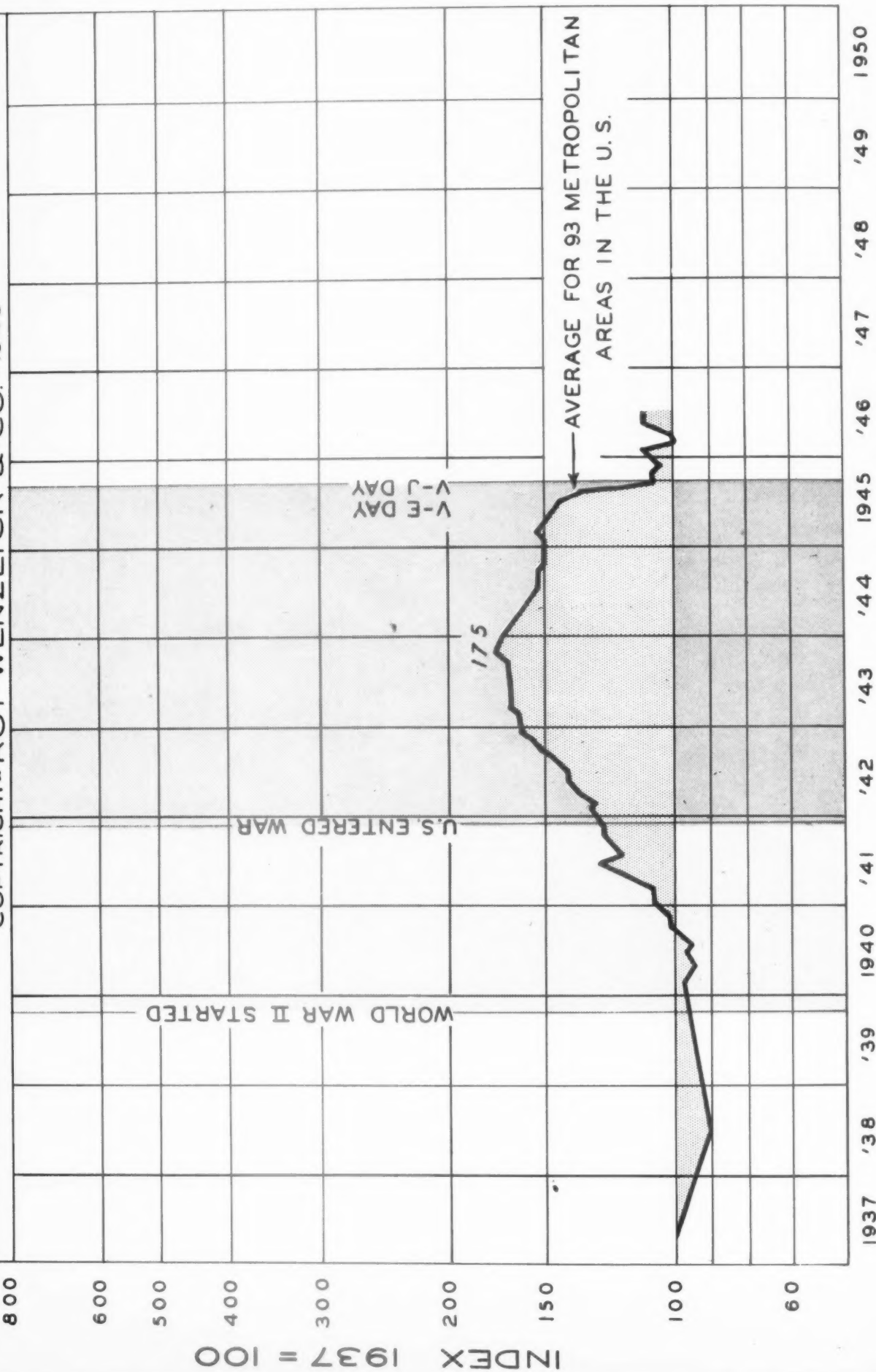
It is interesting to notice the distribution of cities in which department store sales have been running considerably above the average of all cities. With a few notable exceptions, most of these cities are in the South, Southwest, or West.

These charts should enable local real estate operators to form opinions on the outlook for downtown real estate properties in their own city in contrast with other cities. If the line has been going up in any city faster than the average of all cities, it would indicate that the retail business in that area is expanding, and since most department stores are in the downtown district, it would indicate that the downtown district is growing in activity and that property values in the line of growth should advance.

The chain store operator should find these charts of value in evaluating present stores and in deciding on locations for additional stores.

# EMPLOYMENT IN MANUFACTURING INDUSTRIES

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## MANUFACTURING EMPLOYMENT BY CITIES

At the wartime peak, manufacturing employment in the principal metropolitan areas of the United States averaged 75 per cent above the 1937 level. As the war came to a close, many large war contracts were canceled and manufacturing employment dropped sharply as shown by the chart on page 250. It then started to rise, but the rise was interrupted by a tremendous wave of strikes in the larger industries, which brought the level down to that of 1937. It has now started to rise again and the last monthly figures available - June - show an average of 10.5 per cent above the 1937 level. In many of the areas covered, as manufacturing employment dropped other types of employment increased so that the total number employed showed little change. During the war many occupations were starved for employees as they could not compete with the high rates paid in war industries.

It is interesting to compare the chart on manufacturing employment with the charts on department store sales. In many cities where manufacturing employment rose tremendously during the war and radical readjustments followed, department store sales indicate that these adjustments have been made without too great a strain on the local economy.

The table below compares the high point during the war with the June 1946 figure as percentages above the 1937 level.

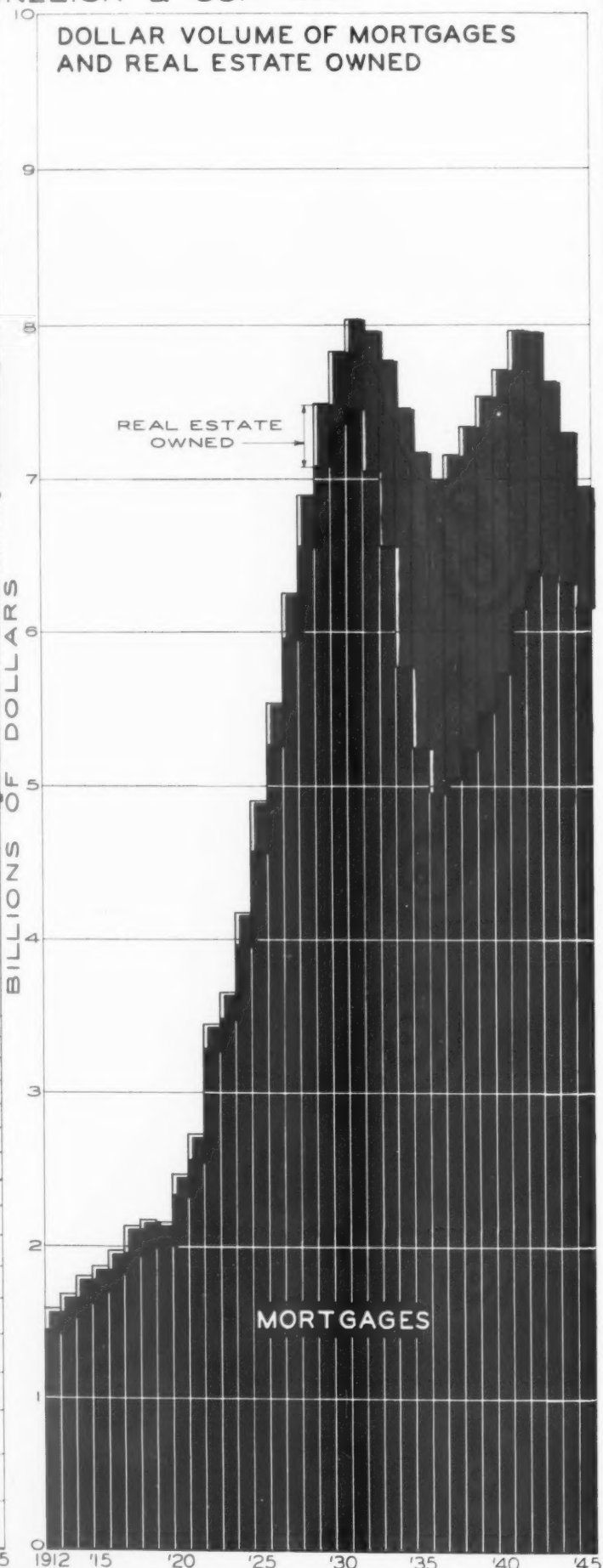
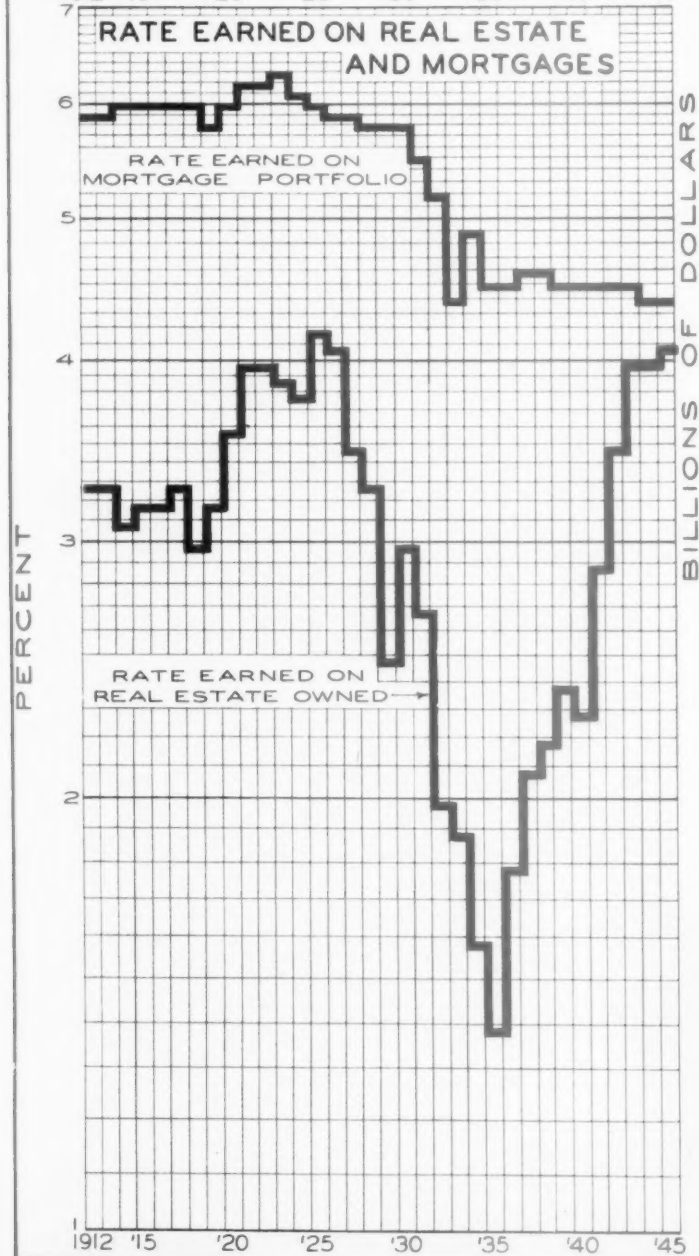
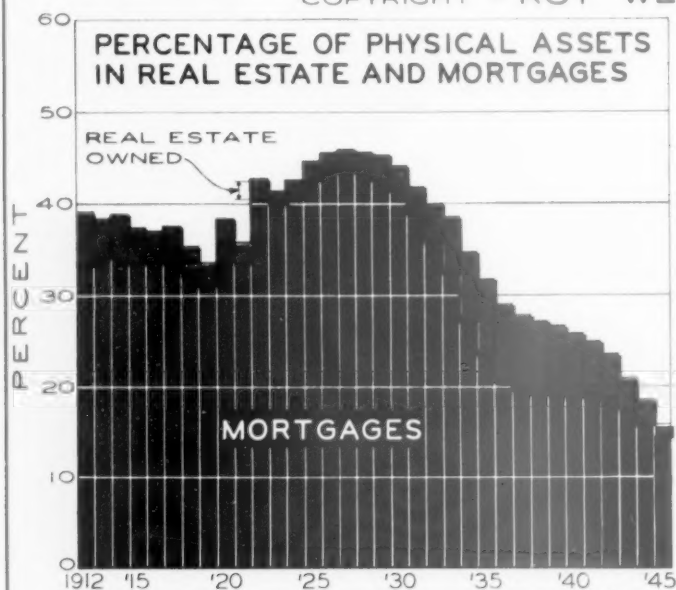
Metropolitan Area	Highest % Reached	June 1946	Metropolitan Area	Highest % Reached	June 1946	Metropolitan Area	Highest % Reached	June 1946
Akron	+ 81.9	+ 32.5	Hartford	+ 85.4	+ 15.9	Pittsburgh	+ 41.6	+ 2.5
Albany	+ 54.5	- 10.1	Houston	+214.7	+ 68.3	Portland	+433.5	+ 15.0
Atlanta	+ 14.8	+ 4.6	Indianapolis	+114.9	+ 30.5	Providence	+ 25.9	- 11.8
Baltimore	+131.7	+ 28.2	Jacksonville	+222.9	- 24.0	Fall River	+ 13.5	- 18.4
Birmingham	+ 42.8	+ 18.8	Kansas City, Mo.	+125.6	+ 6.5	New Bedford	+ 12.4	- 19.7
Boston	+ 90.2	+ 24.4	Kansas City,			Reading	- 22.1	- 32.6
Cambridge	+ 18.2	- 5.5	Kans.	+246.3	- 3.5	Richmond	+ 19.7	+ 5.7
Lynn	+138.5	+ 42.9	Knoxville	+ 30.7	- 0.4	Rochester	+ 56.9	+ 25.6
Somerville	+ 12.3	- 5.3	Louisville	+ 89.6	+ 26.1	St. Louis	+ 75.1	+ 11.0
Bridgeport	+ 91.5	+ 7.8	Lowell	+ 11.8	- 7.7	Salt Lake City	+151.0	- 53.1
Buffalo	+ 87.9	+ 13.0	Memphis	+ 82.5	+ 17.5	San Antonio	+ 36.3	+ 34.8
Canton	+ 66.9	+ 9.9	Miami	+173.9	- 54.0	San Diego	+589.4	+ 11.7
Chattanooga	+ 41.9	+ 6.5	Milwaukee	+ 56.6	+ 11.7	San Francisco	+255.0	+ 47.4
Chicago	+ 56.5	+ 22.3	Minneapolis-			Oakland	+200.1	- 18.4
Gary	+ 24.9	0.0	St. Paul	+107.8	+ 24.2	Scranton	+ 16.2	- 7.3
Cincinnati	+ 65.6	+ 17.4	Nashville	+ 38.6	+ 4.8	Seattle	+239.3	+ 20.4
Cleveland	+ 69.2	+ 20.2	New Haven	+ 51.1	+ 4.3	South Bend	+ 79.3	+ 29.5
Columbus	+ 88.4	+ 6.7	New Orleans	+200.3	+ 9.8	Springfield,		
Dallas	+246.8	+ 27.8	New York-			Mass.	+ 75.9	+ 16.6
Dayton	+ 41.0	+ 29.1	New Jersey	+ 73.2	+ 3.4	Syracuse	+ 74.5	+ 19.5
Denver	+189.9	+ 42.7	Elizabeth	+ 39.6	+ 14.2	Tacoma	+183.6	- 18.7
Des Moines	+288.4	+ 46.7	Jersey City	+ 30.0	- 3.4	Tampa	+180.5	+ 19.3
Detroit	+ 35.5	- 4.8	Newark	+ 55.6	- 2.4	Toledo	+ 29.6	- 8.0
Duluth	+176.0	- 24.9	Paterson	+108.9	- 7.6	Trenton	+ 74.9	+ 9.2
El Paso	+ 9.8	- 28.5	Yonkers	+ 22.3	+ 8.8	Tulsa	+444.5	+ 13.5
Erie	+ 70.0	+ 32.8	Norfolk	+250.7	+ 33.1	Washington,		
Evansville	+212.1	+ 6.6	Oklahoma City	+317.7	+ 8.0	D. C.	+115.7	+ 19.3
Flint	+ 45.7	+ 8.7	Omaha	+133.0	+ 8.5	Wichita	+824.5	+124.8
Fort Wayne	+ 42.2	- 35.5	Peoria	+ 39.3	+ 17.0	Wilmington	+105.6	+ 8.2
Fort Worth	+356.5	+ 84.8	Philadelphia	+ 68.8	+ 9.1	Worcester	+ 40.5	- 1.2
Grand Rapids	+ 39.6	- 2.7	Camden	+127.9	+ 30.4	Youngstown	+ 16.3	- 12.2



# LIFE INSURANCE COMPANIES AS MORTGAGEES

BASED ON THE RECORDS OF THE 109 LARGEST COMPANIES IN THE UNITED STATES

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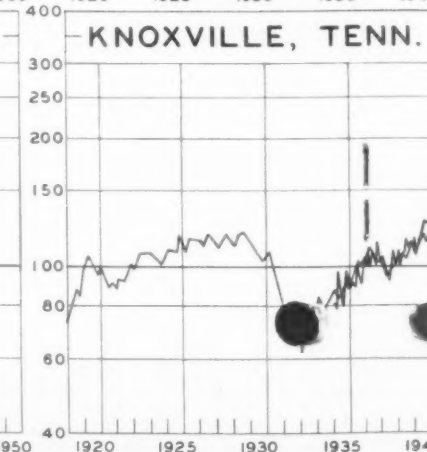
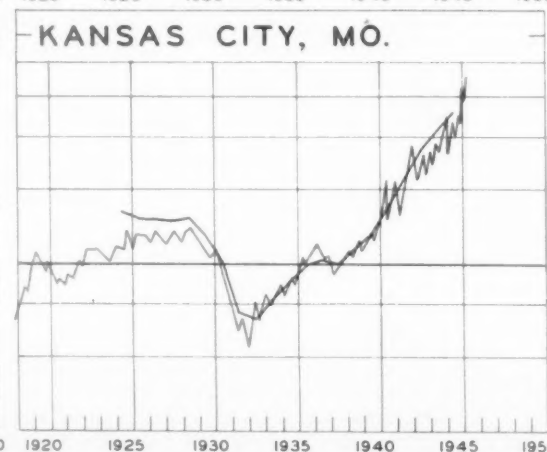
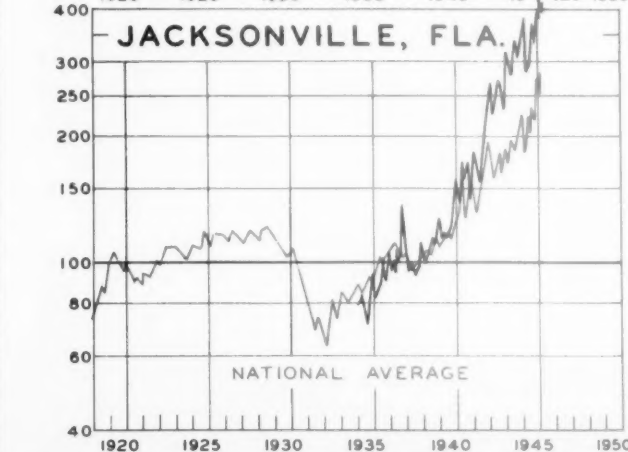
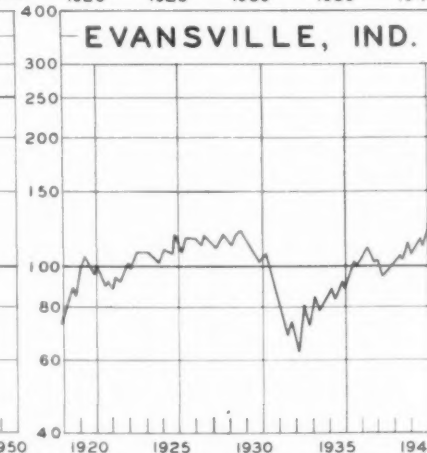
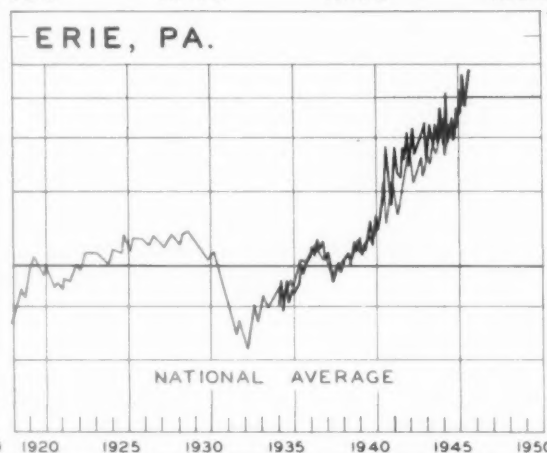
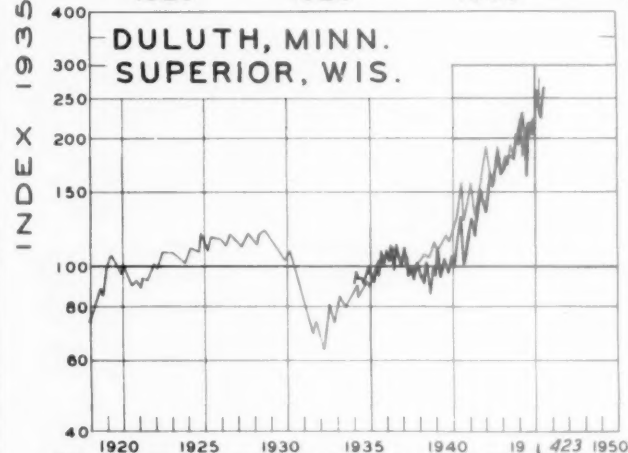
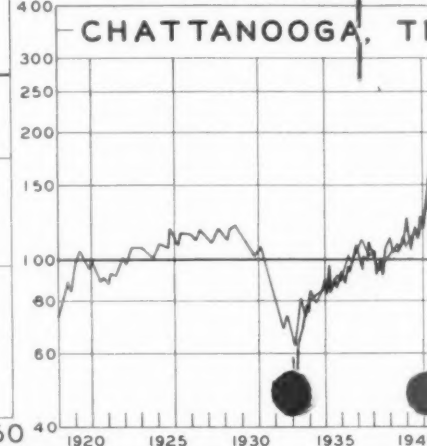
## EARNINGS OF "LIFE INSURANCE REAL ESTATE" INCREASE

THE table below and the charts opposite show that during 1945 the 101 largest life insurance companies in the United States earned 4.4 per cent on their real estate mortgages and 4.1 per cent on their real estate owned.† This was no change in the mortgage interest rate but was a slight increase in the rate earned on real estate.

In the year 1923 the mortgage accounts earned 6.3 per cent. The peak earnings on real estate owned were in 1925 at 4.2 per cent.

Year	REAL ESTATE MORTGAGES			REAL ESTATE OWNED†			GROSS ASSETS
	Amount	% of Assets	Rate Earned	Amount	% of Assets	Rate Earned	
1912	\$1,428,408,000	33.2	5.9	\$ 160,546,000	5.9	3.3	\$ 4,278,567,000
1913	1,554,163,000	54.2	5.9	136,780,000	4.4	3.3	4,532,916,000
1914	1,645,283,000	34.2	6.0	153,536,000	4.5	3.1	4,810,508,000
1915	1,716,342,000	33.6	6.0	154,297,000	3.8	3.2	5,056,680,000
1916	1,823,658,000	33.6	6.0	154,762,000	3.5	3.2	5,438,405,000
1917	1,951,504,000	34.2	6.0	168,191,000	3.5	3.3	5,812,235,000
1918	2,000,864,000	32.2	6.0	167,979,000	3.1	3.0	6,265,434,000
1919	2,009,362,000	31.0	5.8	153,346,000	2.7	3.2	6,608,312,000
1920	2,332,439,000	35.5	6.0	153,255,000	2.7	3.6	6,655,894,000
1921	2,573,821,000	33.5	6.2	162,582,000	2.4	4.0	7,741,267,000
1922	3,297,285,000	40.6	6.2	167,996,000	2.2	4.0	8,421,028,000
1923	3,482,881,000	39.1	6.3	182,670,000	2.2	3.9	9,165,167,000
1924	3,993,230,000	40.6	6.1	204,120,000	2.1	3.8	10,121,992,000
1925	4,582,281,000	42.6	6.0	223,452,000	2.1	4.2	11,129,064,000
1926	5,283,927,000	43.5	5.9	253,933,000	2.1	4.1	12,466,149,000
1927	5,962,158,000	43.0	5.9	298,606,000	2.2	3.5	13,890,188,000
1928	6,555,276,000	42.6	5.7	351,878,000	2.3	3.3	15,471,299,000
1929	7,091,613,000	42.0	5.7	400,914,000	2.4	2.5	16,883,283,000
1930	7,364,000,000	40.8	5.7	461,949,000	2.6	3.0	18,077,297,000
1931	7,441,593,000	38.0	5.5	598,702,000	3.1	2.7	19,567,235,000
1932	7,165,656,000	35.4	5.2	846,179,000	4.2	2.0	20,219,265,000
1933	6,610,718,000	32.2	4.4	1,224,064,000	5.9	1.9	20,580,888,000
1934	5,827,270,000	27.1	4.9	1,704,119,000	7.9	1.6	21,479,234,000
1935	5,272,707,000	23.2	4.5	1,911,016,000	8.4	1.4	22,715,209,000
1936	4,960,385,000	20.4	4.5	2,056,667,000	8.5	1.8	24,288,552,000
1937	5,055,338,000	19.7	4.6	2,096,042,000	8.1	2.1	25,708,928,000
1938	5,262,537,000	19.4	4.6	2,089,890,000	7.7	2.2	27,150,640,000
1939	5,480,635,000	19.2	4.5	2,054,528,000	7.2	2.4	28,516,282,000
1940	5,746,396,000	19.1	4.5	1,979,710,000	6.6	2.3	30,040,224,000
1941	6,171,303,000	19.3	4.5	1,790,001,000	5.6	2.9	31,548,782,000
1942	6,399,808,000	18.9	4.5	1,554,732,000	4.6	3.5	33,823,517,000
1943	6,371,705,000	17.5	4.5	1,256,957,000	3.4	4.0	36,507,697,000
1944	6,316,596,000	16.0	4.4	984,205,000	2.5	4.0	39,596,118,000
1945	6,192,881,000	14.5	4.4	780,745,000	1.8	4.1	42,814,450,000

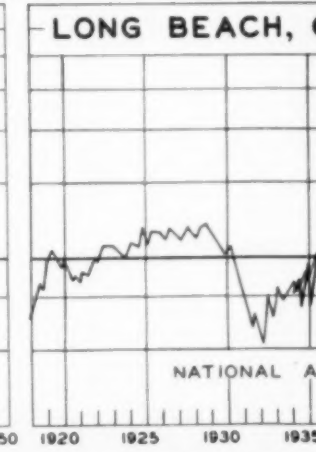
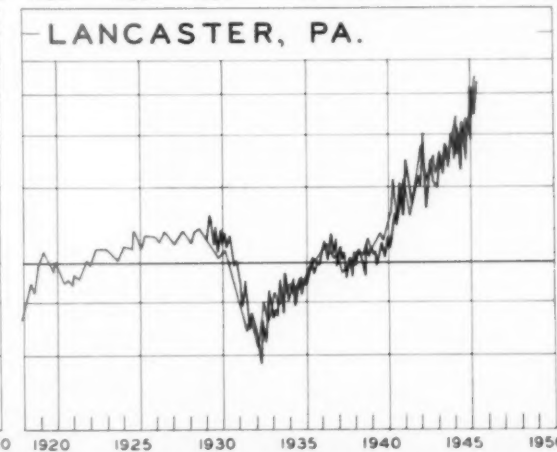
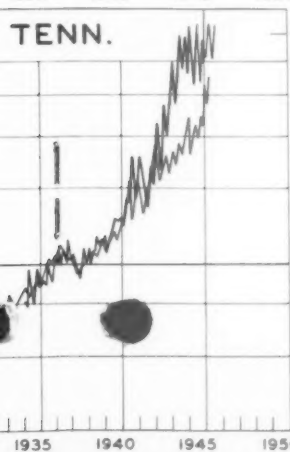
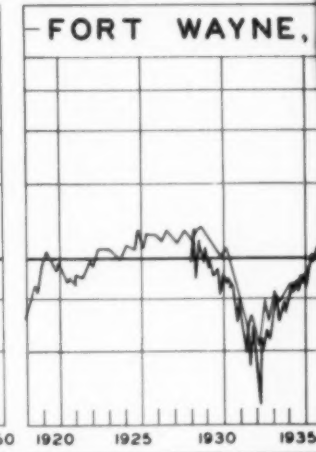
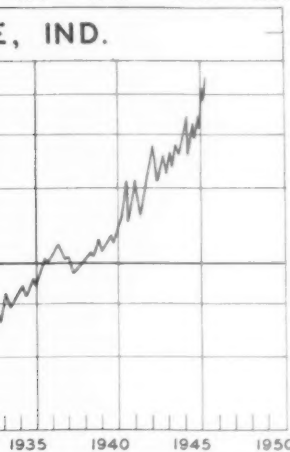
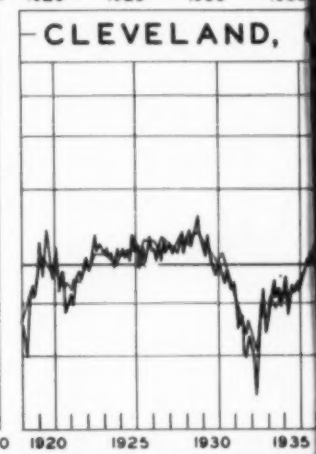
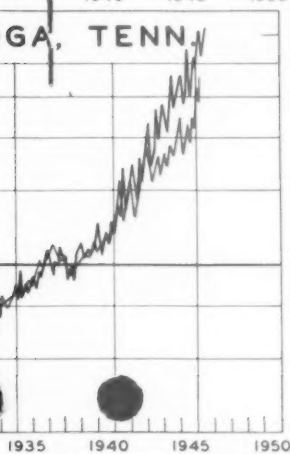
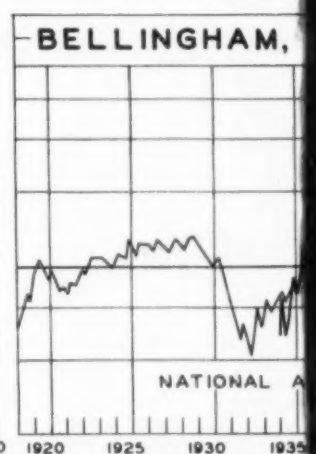
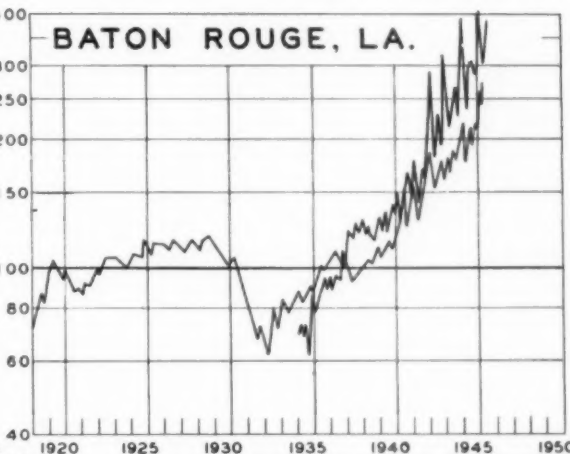
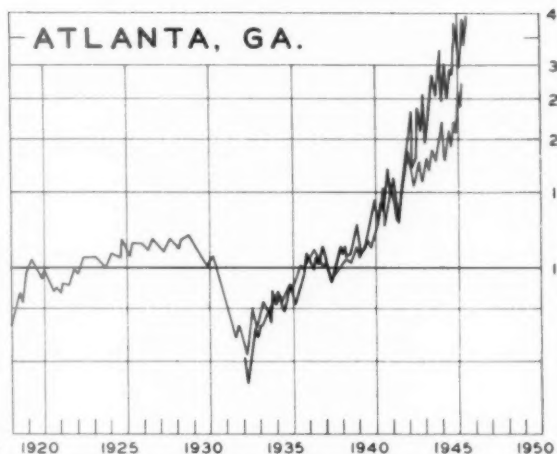
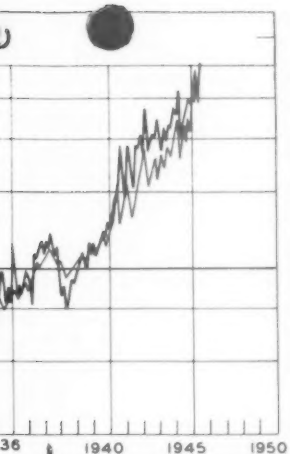
†Includes home office buildings.





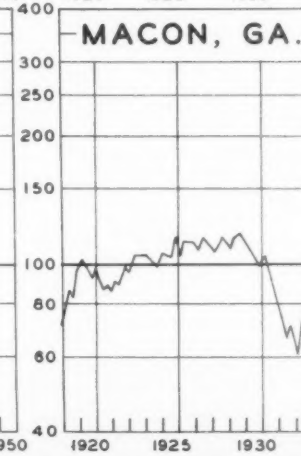
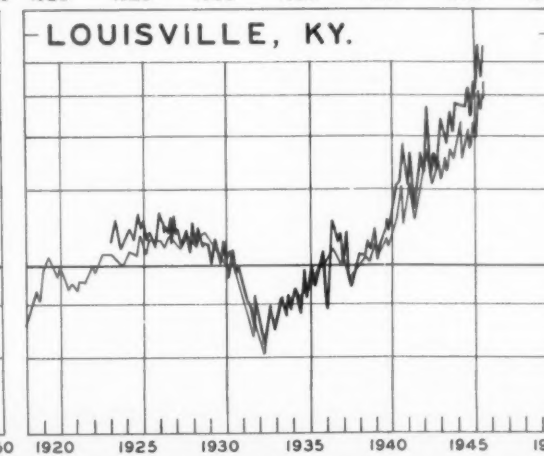
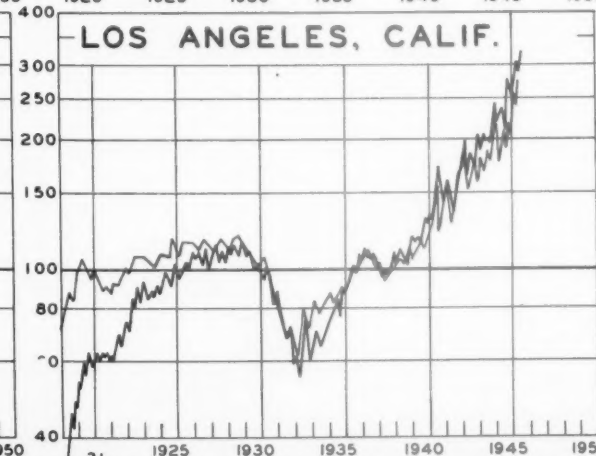
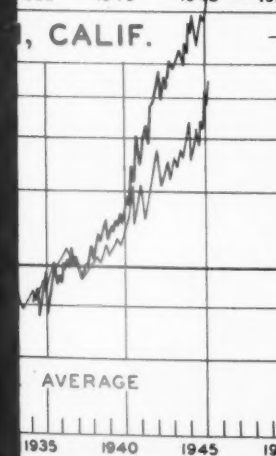
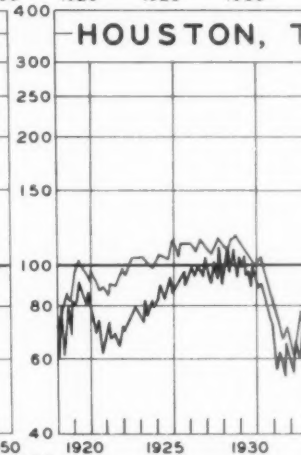
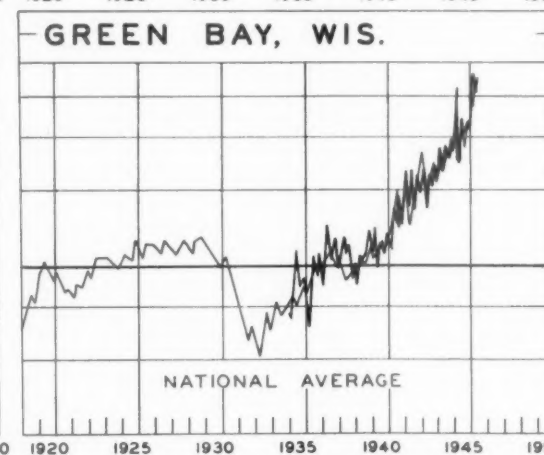
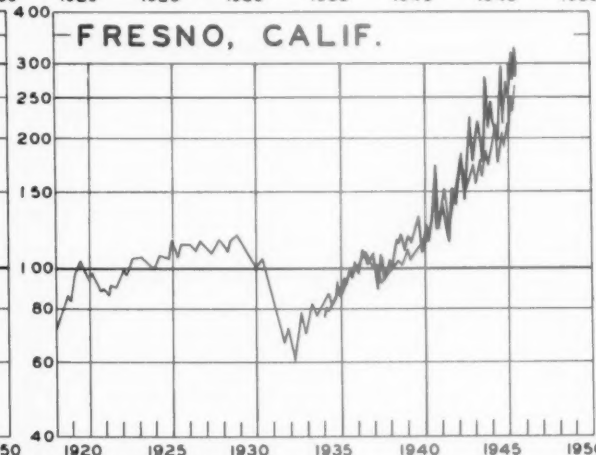
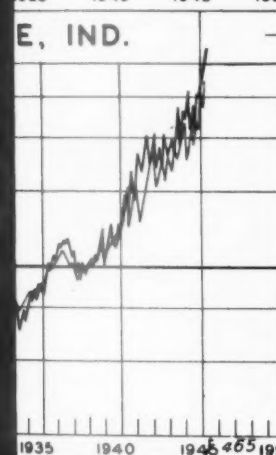
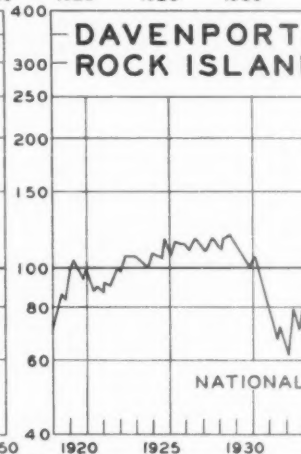
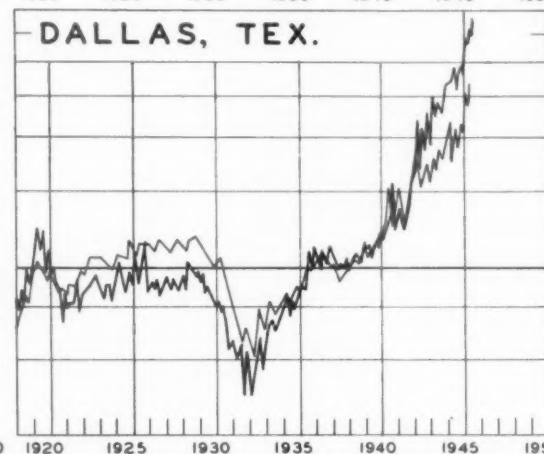
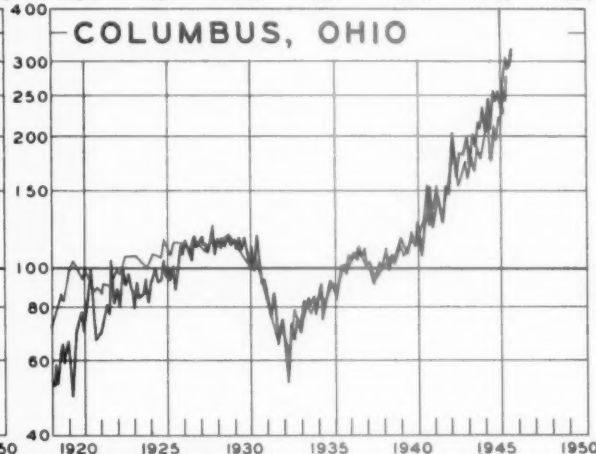
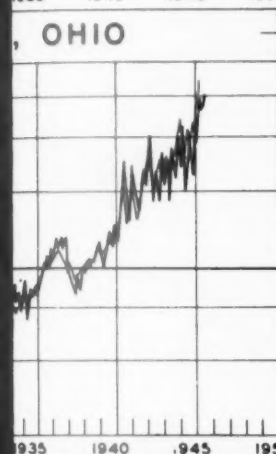
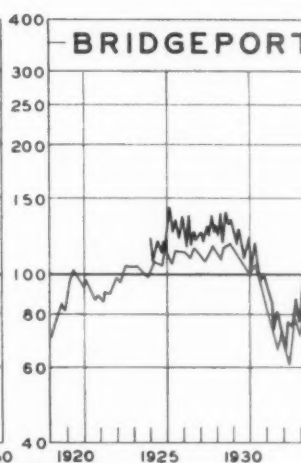
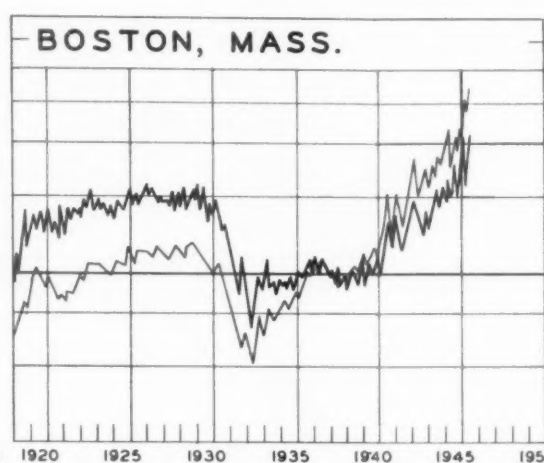
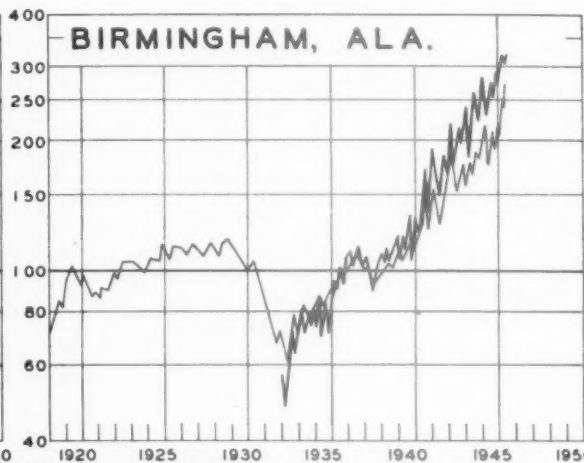
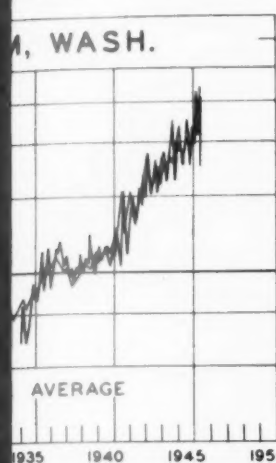
# DEPARTMENT STORE SALE

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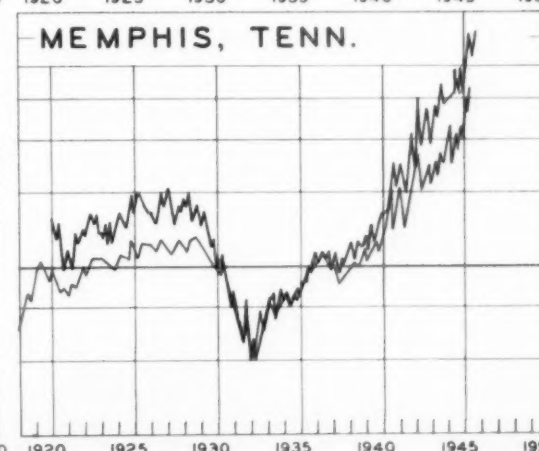
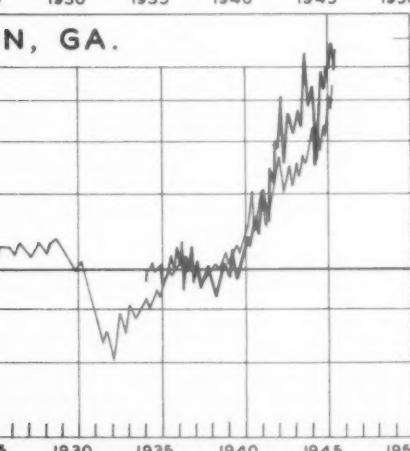
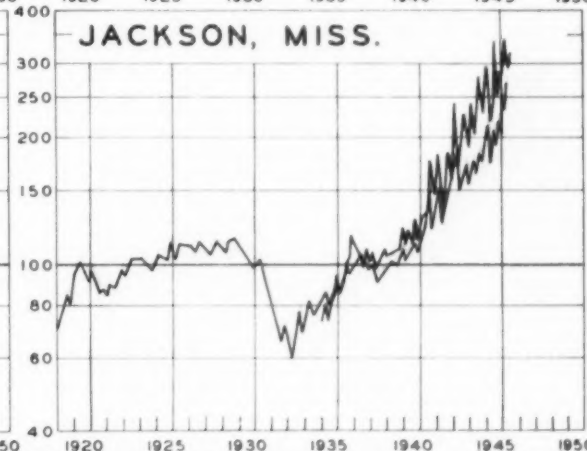
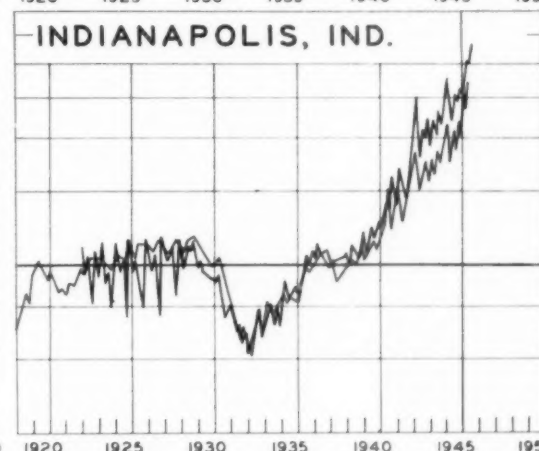
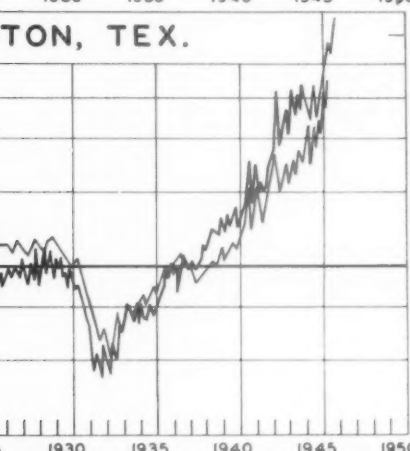
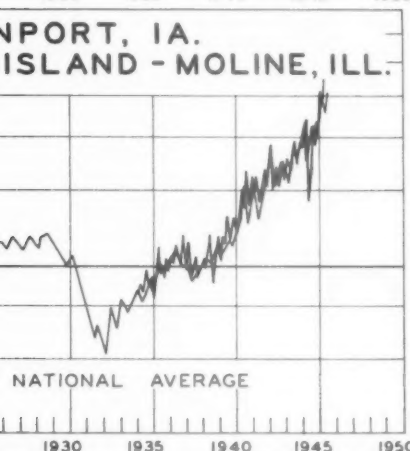
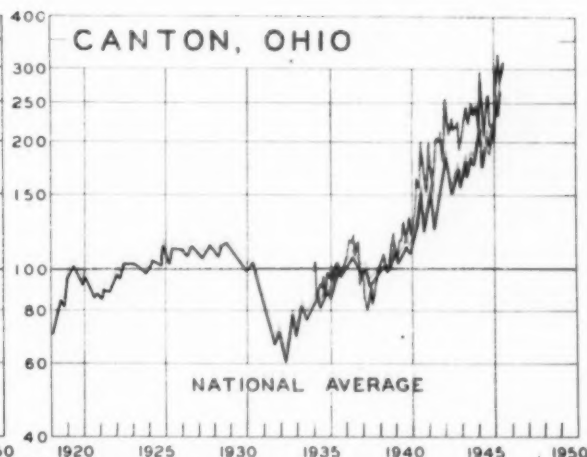


# LES IN PRINCIPAL CITIES

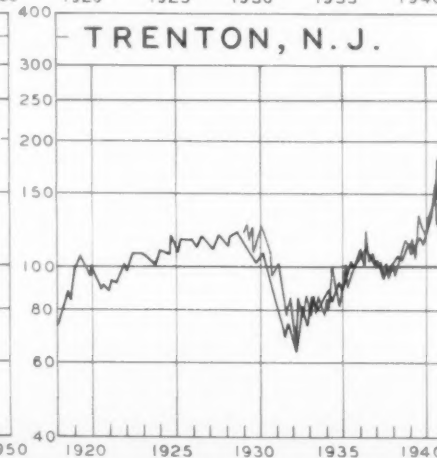
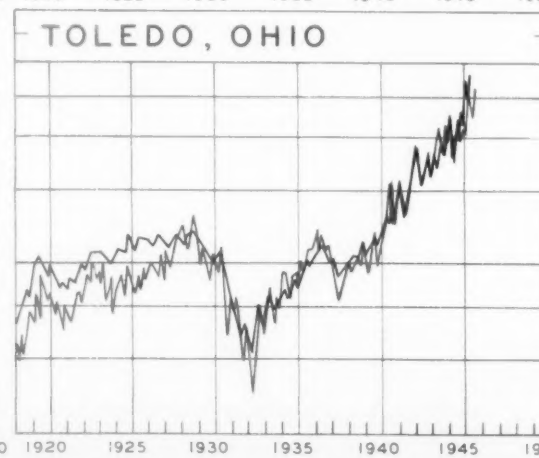
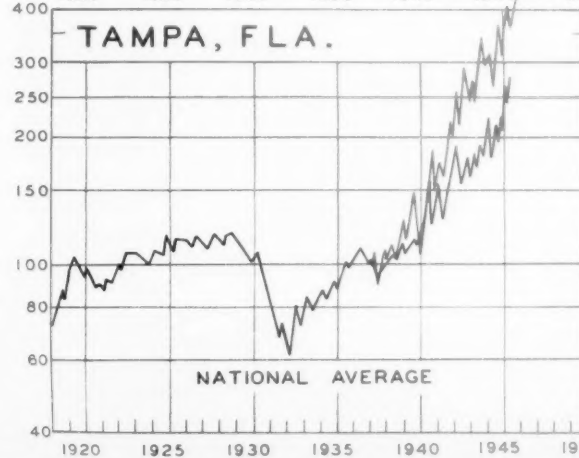
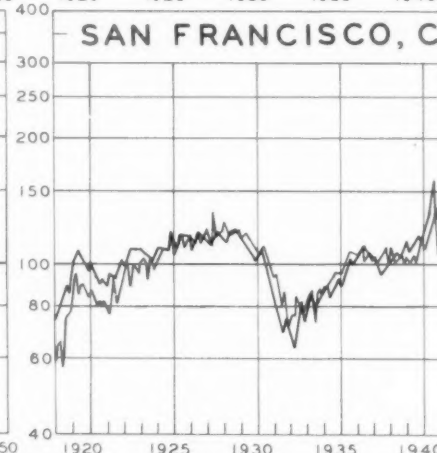
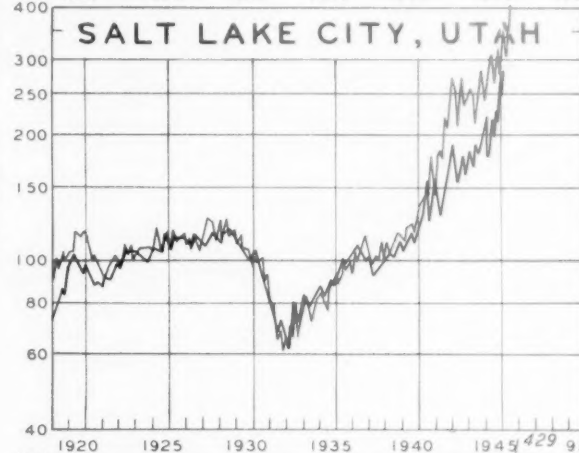
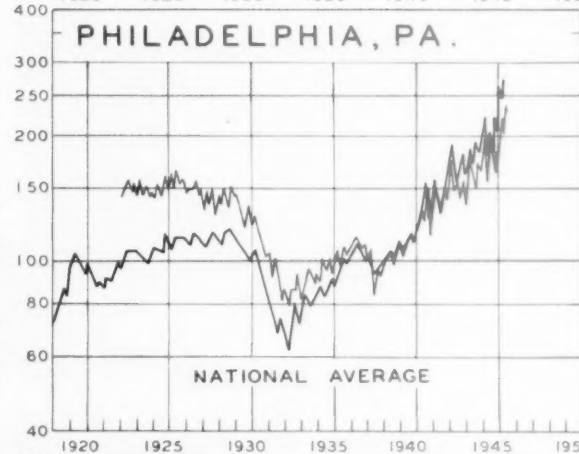
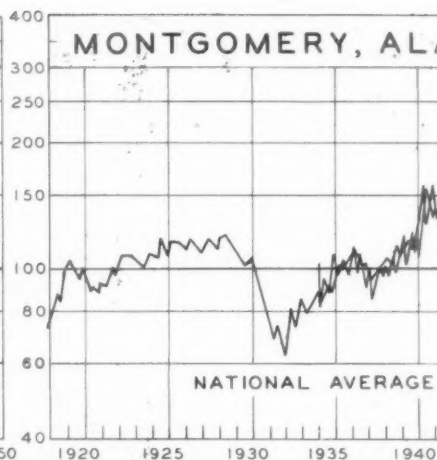
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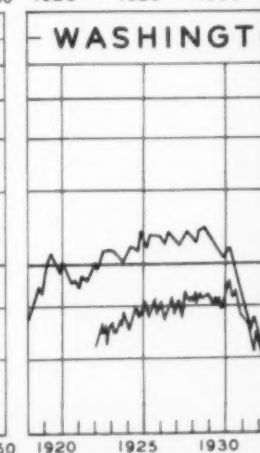
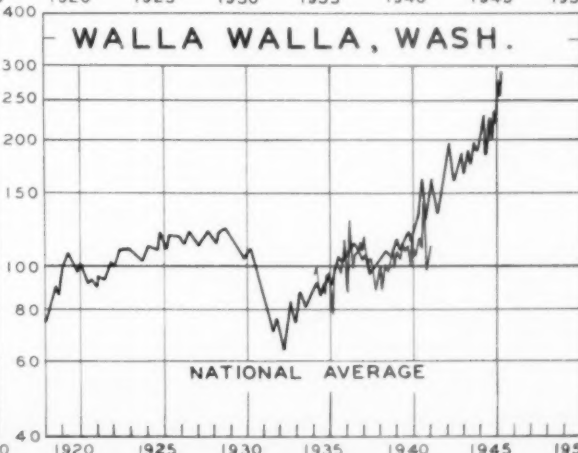
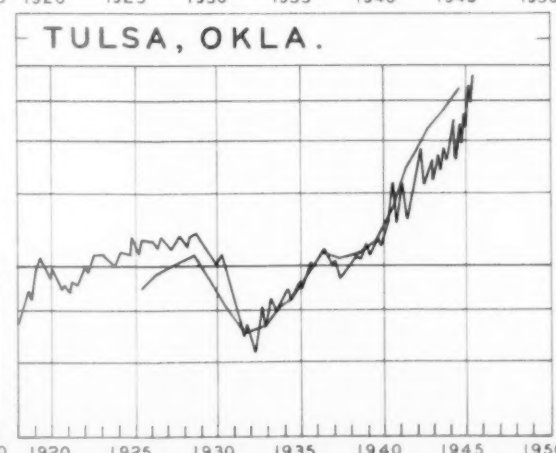
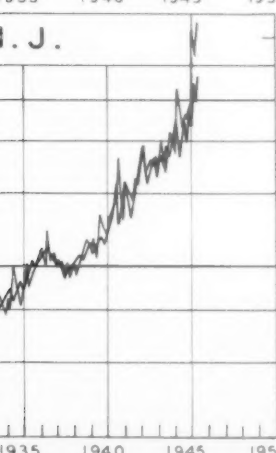
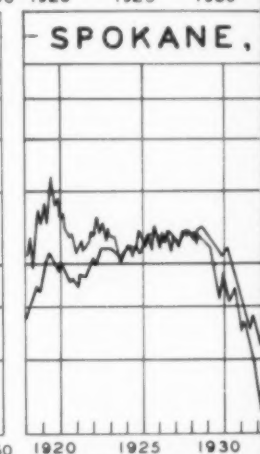
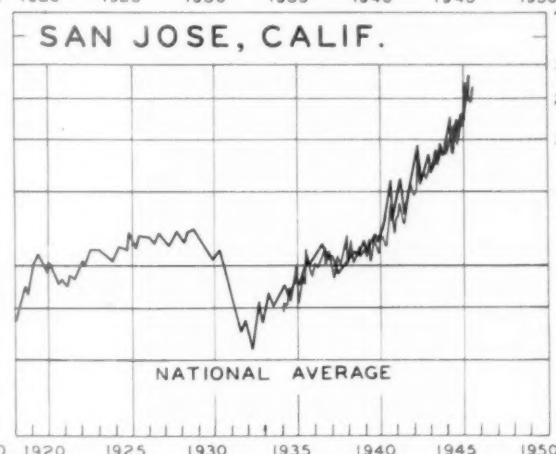
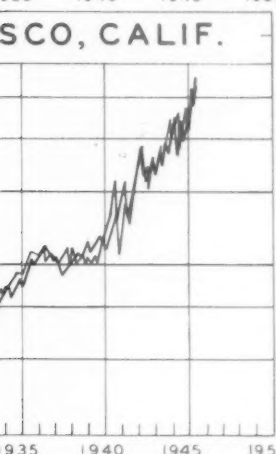
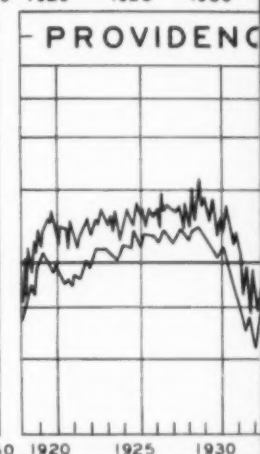
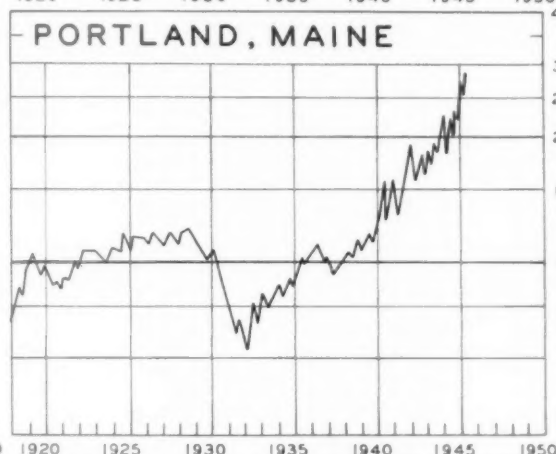
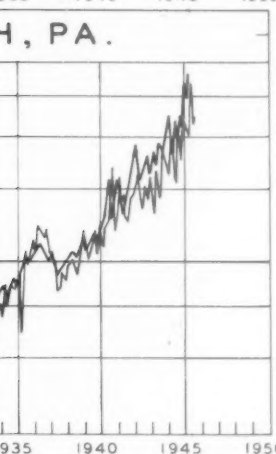
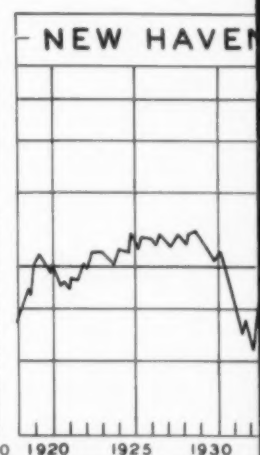
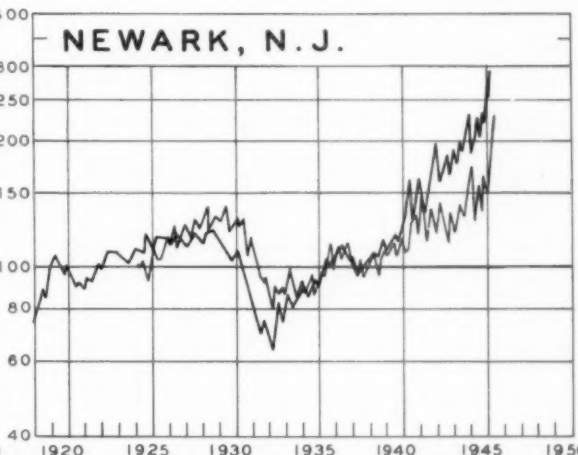
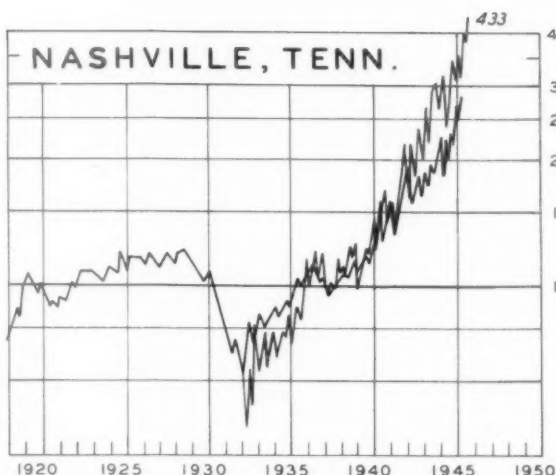
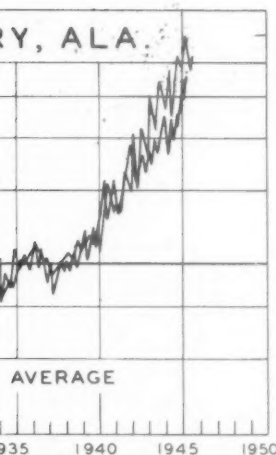


INDEX 1935 - 1939 = 100



# DEPARTMENT STORE SALES

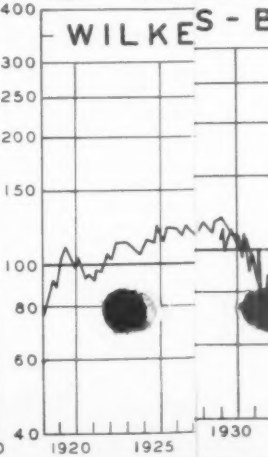
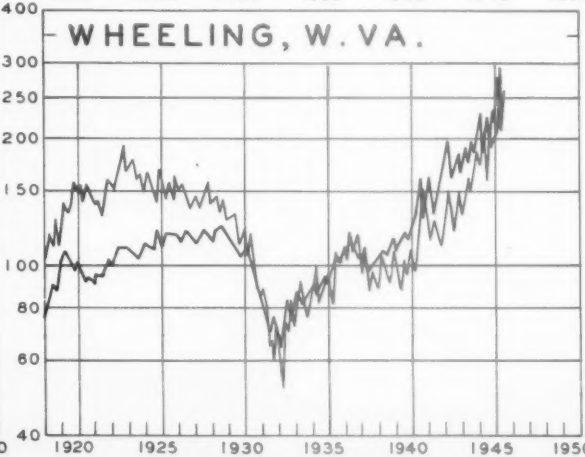
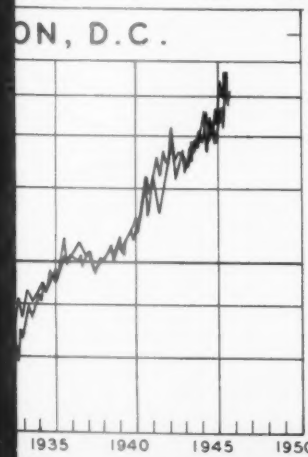
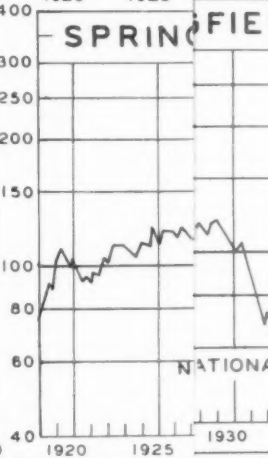
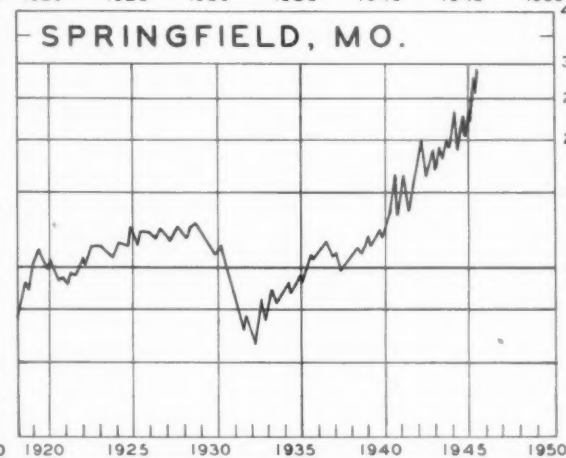
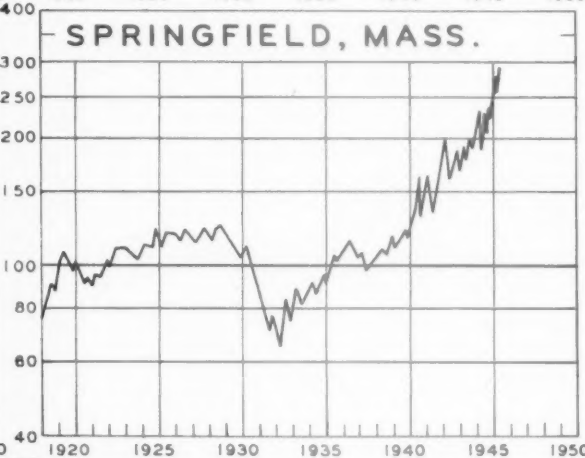
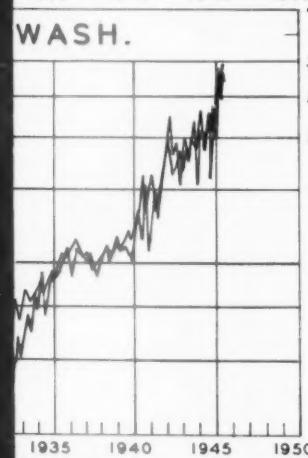
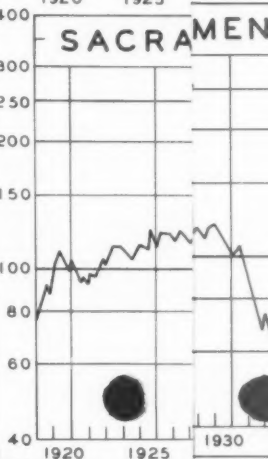
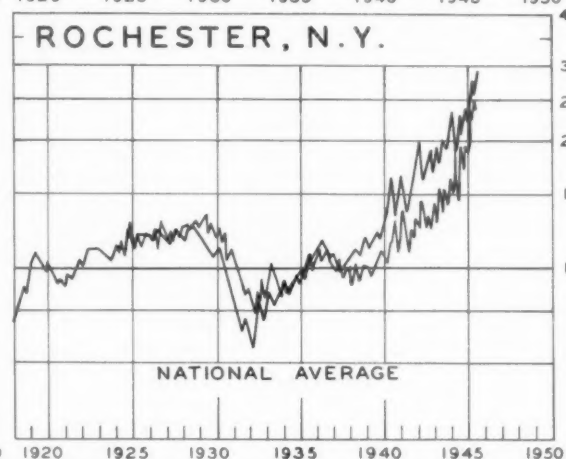
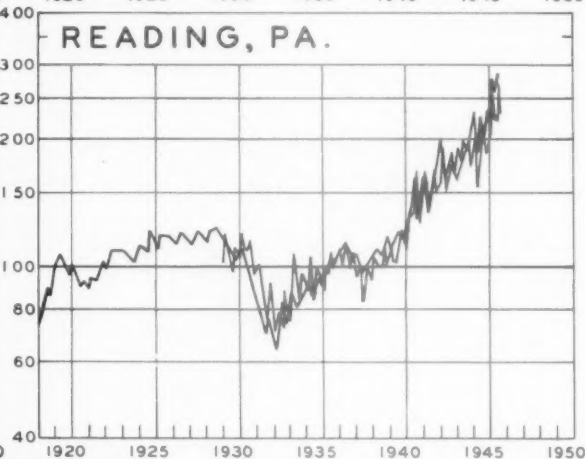
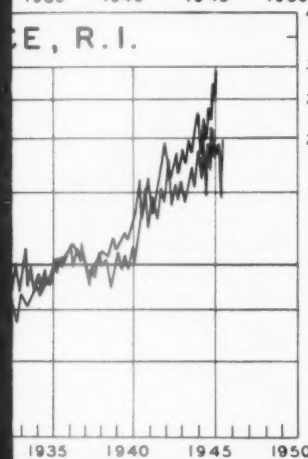
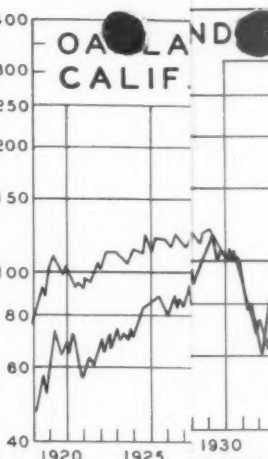
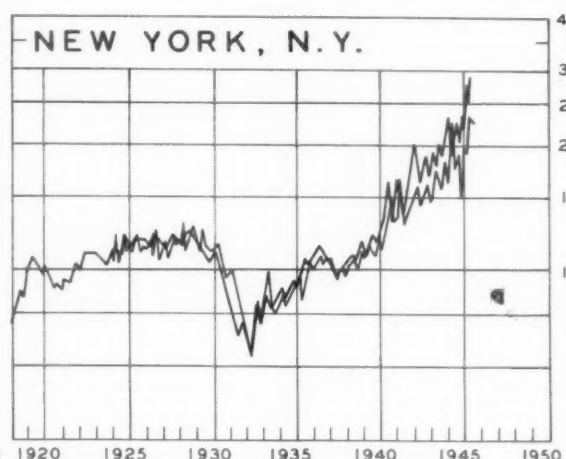
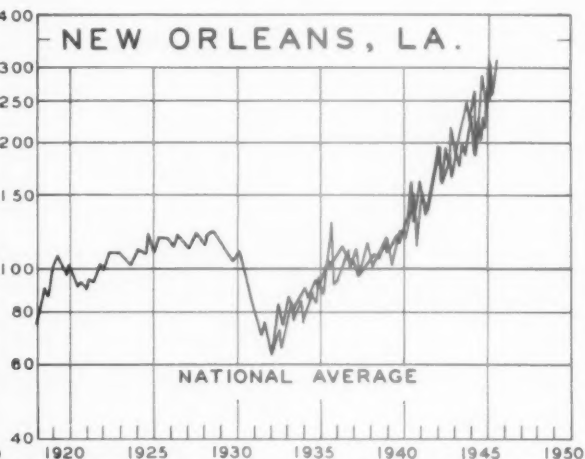
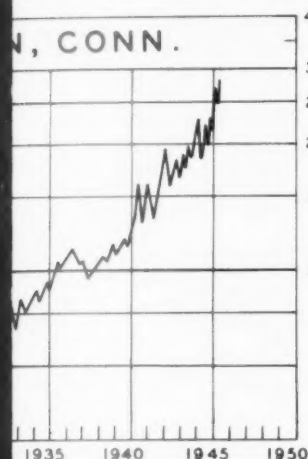
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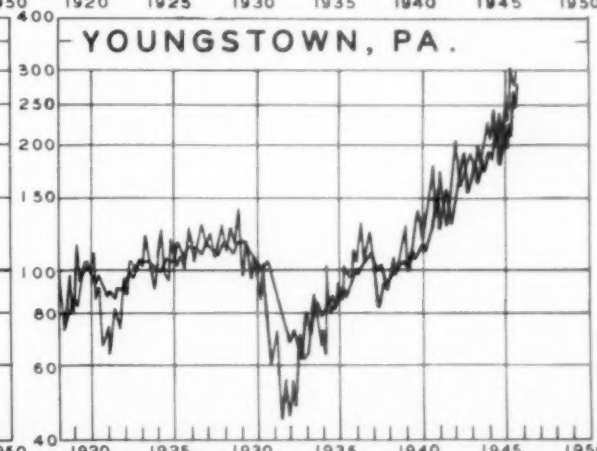
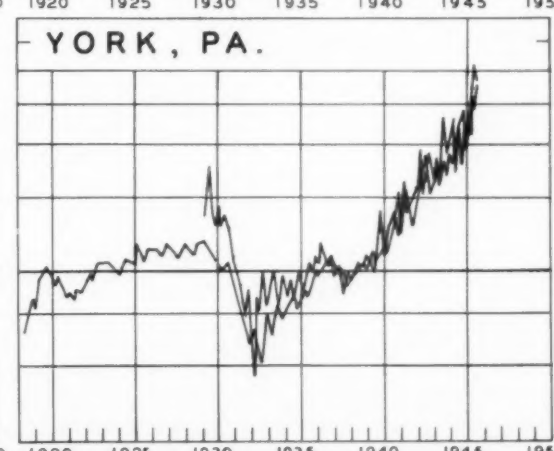
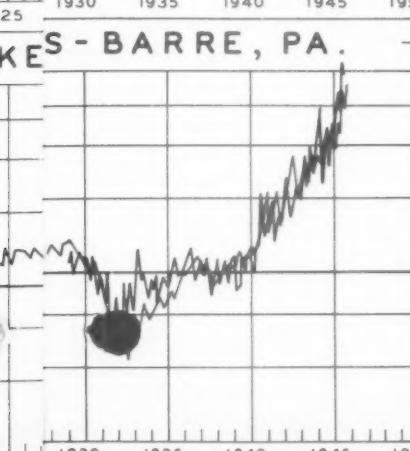
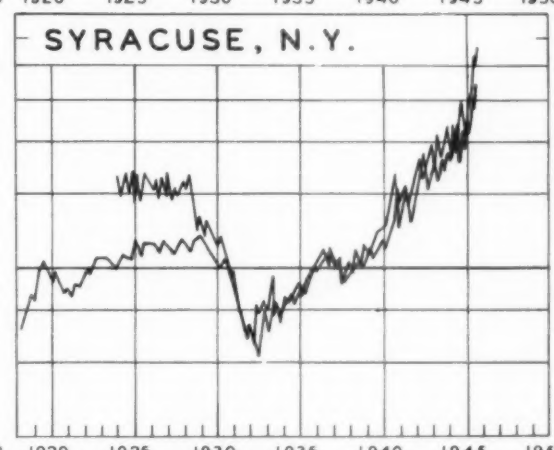
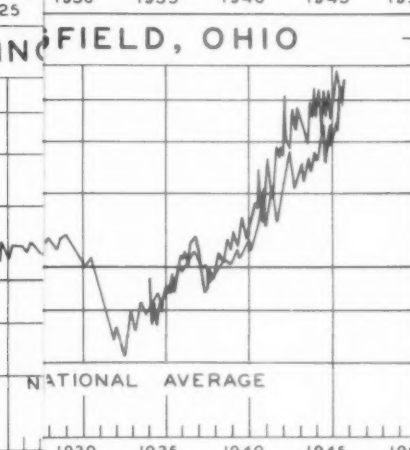
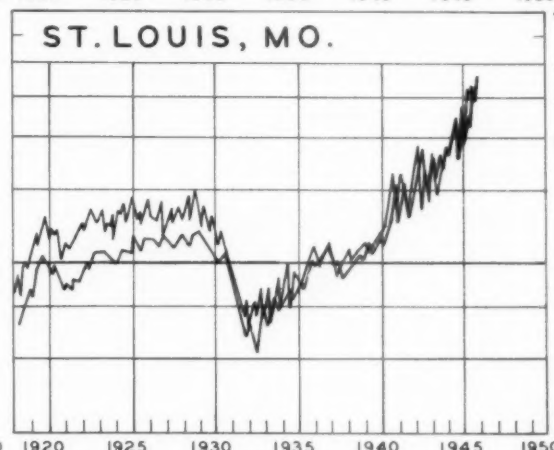
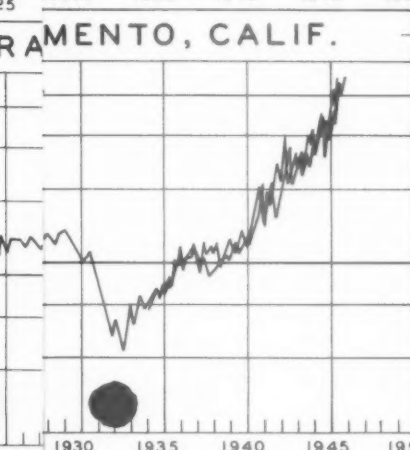
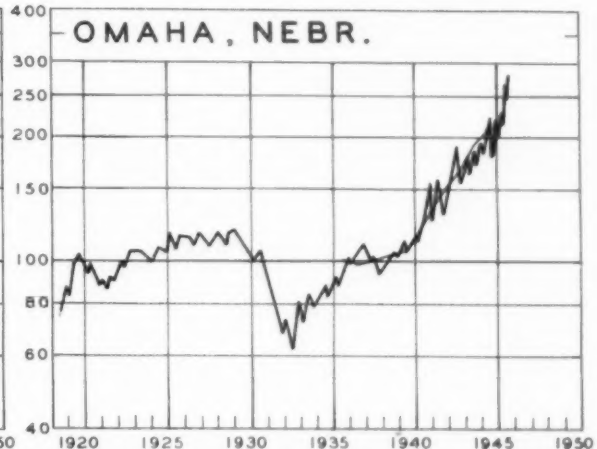
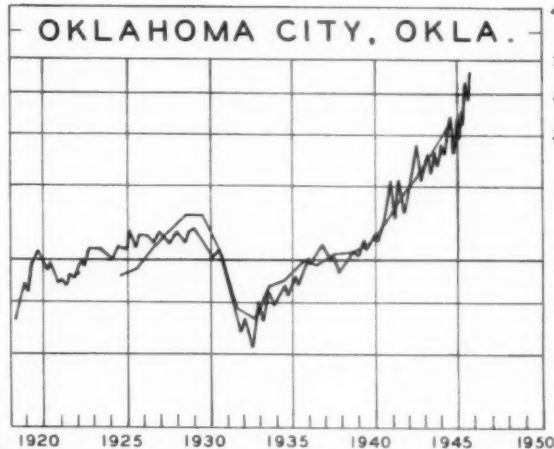
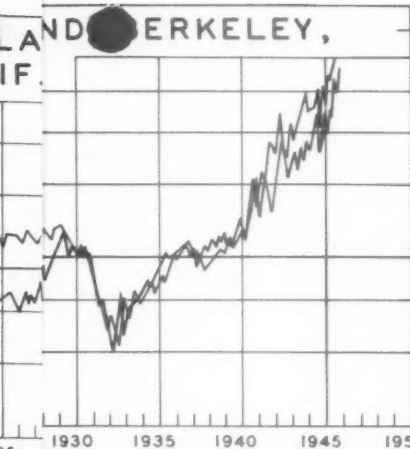




# LES IN PRINCIPAL CITIES

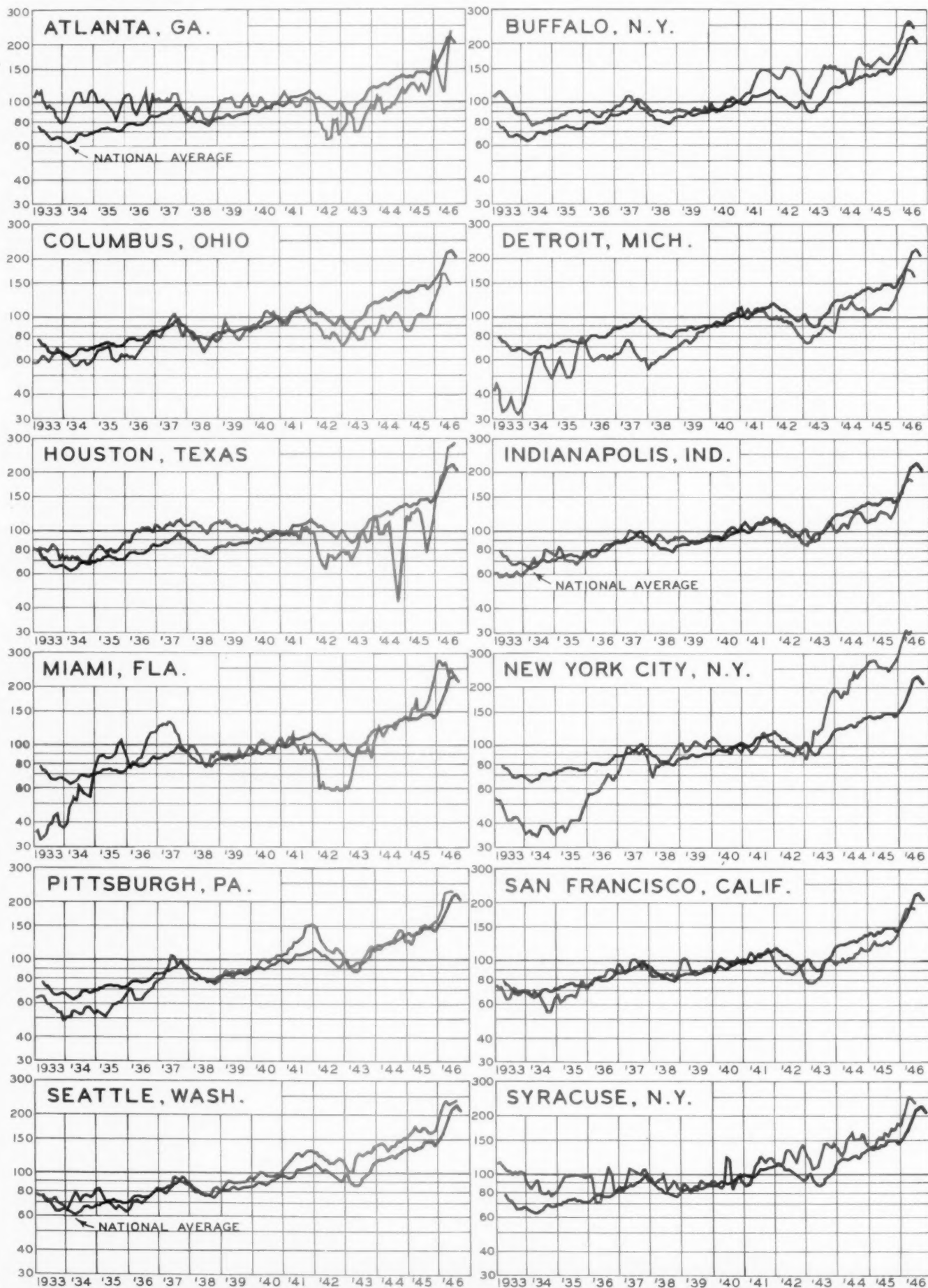
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# REAL ESTATE TRANSFERS IN PRINCIPAL CITIES

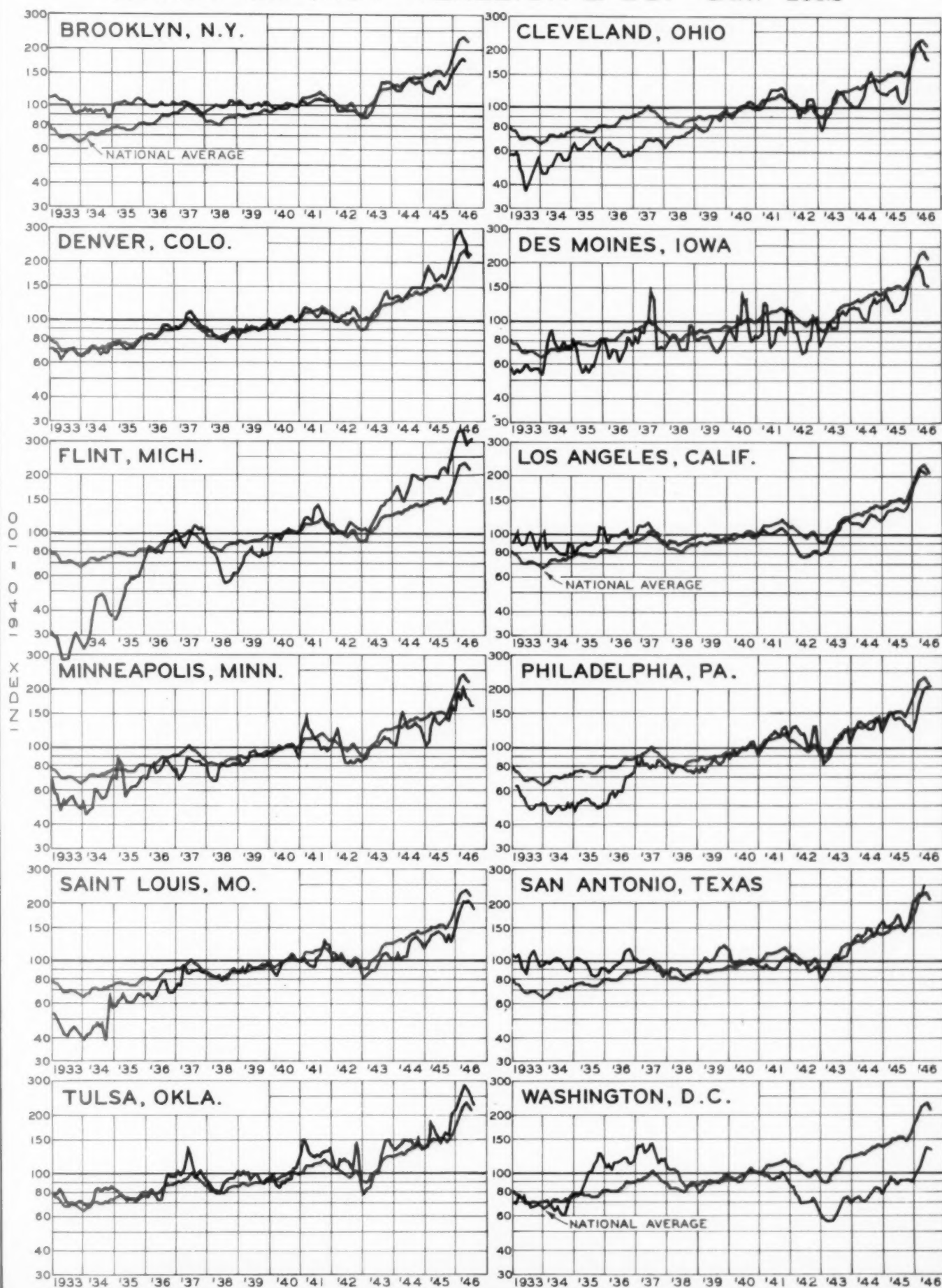
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# REAL ESTATE TRANSFERS IN PRINCIPAL CITIES

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## ESTIMATED NUMBER OF NEW NONFARM DWELLING UNITS STARTED

1920 ... 247,000	1925 ... 937,000	1930 ... 330,000	1935 ... 221,000
1921 ... 449,000	1926 ... 849,000	1931 ... 254,000	1936 ... 319,000
1922 ... 716,000	1927 ... 810,000	1932 ... 134,000	1937 ... 336,000
1923 ... 871,000	1928 ... 753,000	1933 ... 93,000	1938 ... 406,000
1924 ... 893,000	1929 ... 509,000	1934 ... 126,000	1939 ... 515,000

## MONTHLY FIGURES

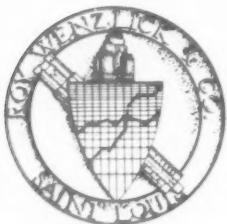
	<u>1940</u>	<u>1941</u>	<u>1942</u>	<u>1943</u>	<u>1944</u>	<u>1945</u>	<u>1946</u>
January	25,700	41,200	34,500	45,000	17,300	7,600	39,600
February	36,900	43,700	51,300	40,100	13,500	8,400	46,400
March	46,000	60,200	52,700	33,000	18,100	12,300	65,800
April	62,900	75,200	59,700	26,700	14,300	18,300	71,200
May	57,000	70,700	60,600	33,600	16,500	16,900	69,200
June	44,100	77,200	46,300	21,800	17,500	20,300	64,000
July	57,600	74,600	26,700	24,200	14,500	20,100	59,400
August	55,800	69,800	27,500	27,600	12,800	17,100	
September	58,400	67,000	40,400	24,300	11,300	17,900	
October	66,200	56,200	32,200	28,100	10,800	25,500	
November	44,900	46,600	30,400	26,100	11,600	30,600	
December	47,000	32,800	34,300	19,500	10,800	30,300	

## CUMULATIVE FIGURES

January	25,700	41,200	34,500	45,000	17,300	7,600	39,600
February	62,600	84,900	85,800	85,100	30,800	16,000	86,000
March	108,600	145,100	138,500	118,100	48,900	28,300	151,800
April	171,500	220,300	198,200	144,800	63,200	46,600	223,000
May	228,500	291,000	258,800	178,400	79,700	63,500	292,200
June	272,600	368,200	305,100	200,200	97,200	83,800	356,200
July	330,200	442,800	331,800	224,400	111,700	103,900	415,600
August	386,000	512,600	359,300	252,000	124,500	121,000	
September	444,400	579,600	399,700	276,300	135,800	138,900	
October	510,600	635,800	431,900	304,400	146,600	164,400	
November	555,500	682,400	462,300	330,500	158,200	195,000	
December	602,500	715,200	496,600	350,000	169,000	225,300	

## 12-MONTH MOVING TOTALS

January	508,400	618,000	708,500	507,100	322,300	159,300	257,300
February	514,600	624,800	716,100	495,900	295,700	154,200	295,300
March	517,700	639,000	708,600	476,200	280,800	148,400	348,800
April	537,700	651,300	693,100	443,200	268,400	152,400	401,700
May	541,400	665,000	683,000	416,200	251,300	152,800	454,000
June	539,600	698,100	652,100	391,700	247,000	155,600	497,700
July	553,000	715,100	604,200	389,200	237,300	161,200	537,000
August	557,600	729,100	561,900	389,300	222,500	165,500	
September	573,600	737,700	535,300	373,200	209,500	172,100	
October	596,900	727,700	511,300	369,100	192,200	186,800	
November	596,700	729,400	495,100	364,800	177,700	205,800	
December	602,500	715,200	496,600	350,000	169,000	225,300	



# The Real Estate TRENDS

AUGUST 30  
1946

A concise monthly digest of real estate and construction fundamentals and trends.....A part of the complete service known as the Real Estate Analyst Reports.

VOLUME XV

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REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS

## SALES PRICES

In our last bulletin we said that we thought the best time had arrived to sell single-family residences, particularly if they were not new and if they had considerable obsolescence. We received numerous requests for further advice from our clients regarding this paragraph in our report. One of the questions which was sent us was whether, if an owner of real estate had already shown a big profit for the year, the situation would still justify selling residential properties on which a large additional profit would be realized. If the profit can be taken as a long-term gain with the maximum of 25 per cent of the gain in taxes, we believe that it is still advisable to take the gain this year; but if the gain must be counted as regular income and if the tax is already quite high, it might be that it would pay to spread the sales over the next year or two, realizing, however, that the gross amount received will probably be less a year from now, and certainly less two years from now, but the net after taxes may be higher.

## REAL ESTATE ACTIVITY

Voluntary transfers of urban real estate slowed down slightly during the month of July, the last month for which figures are available. Our index of real estate activity showed it to be 79.9 per cent above the long-term computed normal. This compares with 86.3, the highest point in recent years reached in May. Each month from May has shown a slight decline from the peak. The peak, however, it should be remembered, was more than double the peak of the twenties.

Farm real estate activity, after declining in 1945, rose again in 1946 and at the present time is running about 7 per cent above a year ago. This increase again in the activity rate on farms might indicate that still further rises are in the picture for farm properties. (See the chart on farm values on the following spread.)

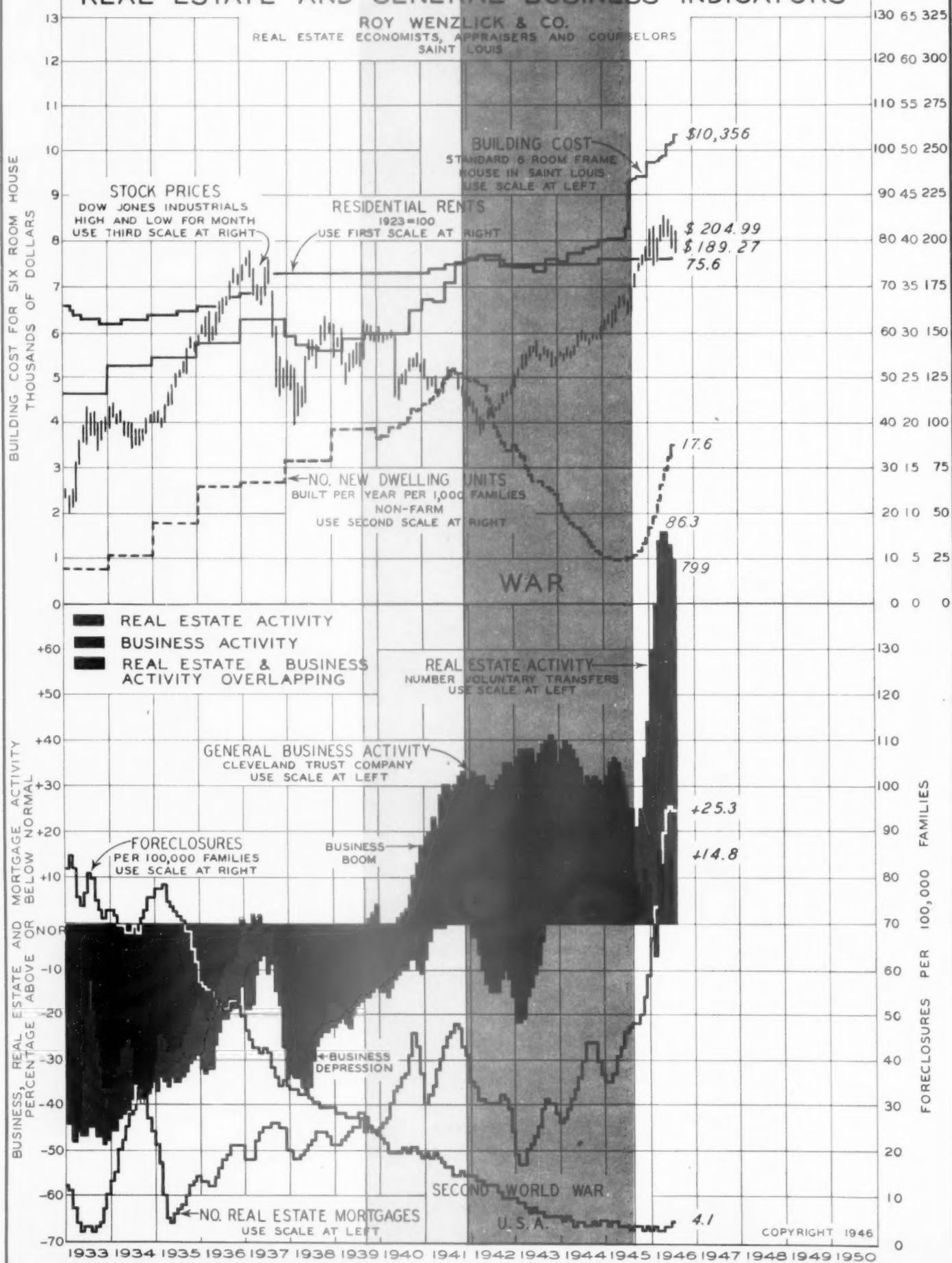
## REAL ESTATE MORTGAGES

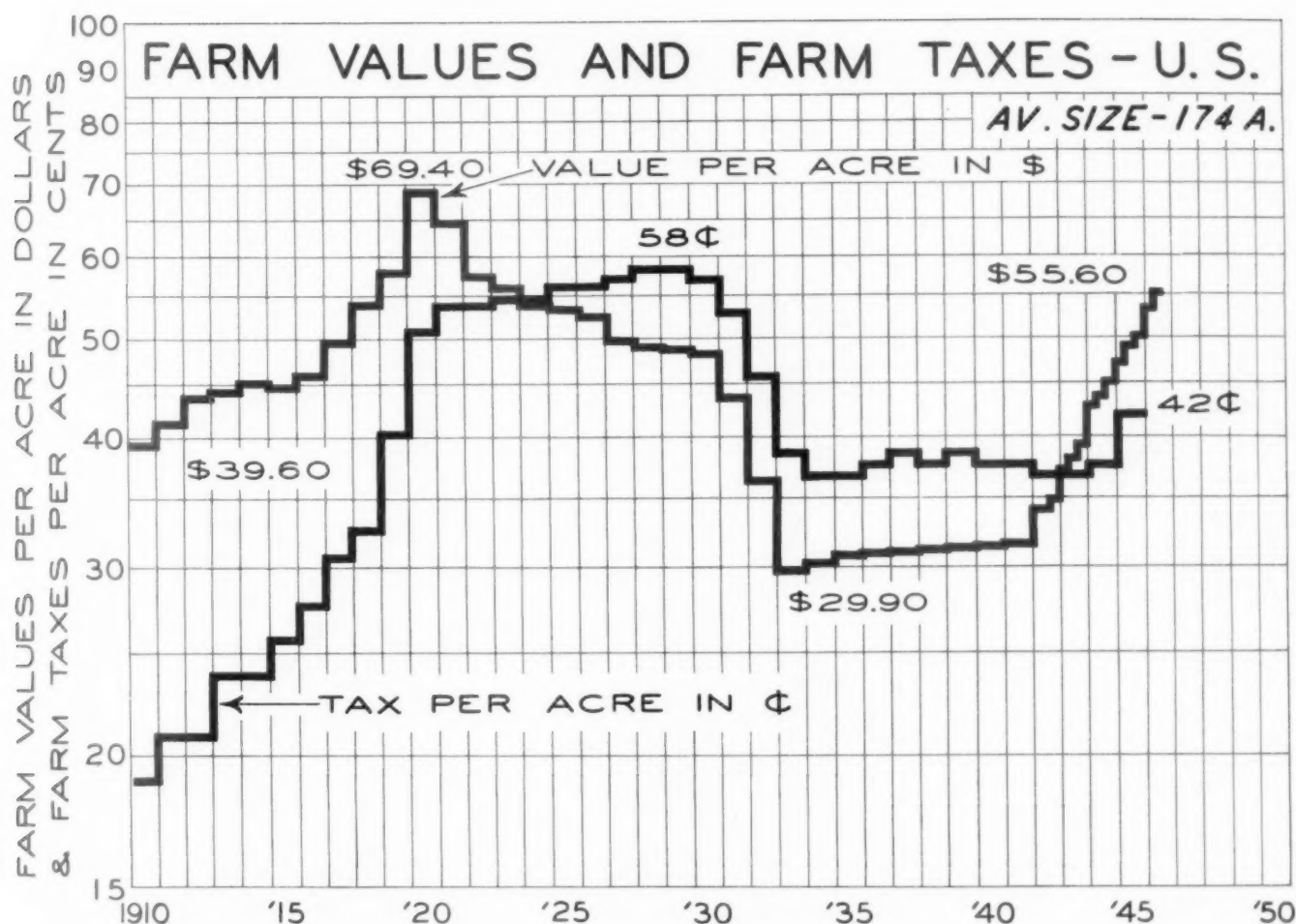
Mortgage activity in July proceeded at about the same level as it did in June, neither showing any great advance or great drop. The figure for our long term chart showed it to be 25.3 per cent above normal. Apparently the difficulties which new construction is experiencing with the slowing down of transfers of existing property have affected the outlook for increased mortgage activity. It seems to us, however, that there is very slight chance of any great drop in mortgage activity during the balance of the year, and that it should proceed at least as high as it has been for the past few months.



# REAL ESTATE AND GENERAL BUSINESS INDICATORS

ROY WENZLICK & CO.  
REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS  
SAINT LOUIS





Farm values started rising in the United States in the latter part of 1941. From March 1941 to July 1946, farm values have increased by 73 per cent. This contrasts with an increase of 75 per cent in farm values from 1910 to the peak in 1920. The chart above shows the trend of farm values from 1910 to the present. The red line on the chart shows the trend of farm taxes per acre over the same period.

If the period from 1935 to 1939 is considered as a prewar average, farm values in the United States at the present time are 77 per cent above this prewar level. The figures in the various States show considerable variation, however. Kentucky has had the largest percentage increase in its farm values, reaching a level 132 per cent above prewar. The lowest percentage of increase was in the State of Massachusetts where farm values at the present time are 29 per cent above the prewar level. The table below shows the percentage increase above prewar for each of the forty-eight States:

Ala.	87%	Ga.	103%	Maine	32%	N. C.	122%	Ohio	98%	Tex.	61%
Ariz.	73	Idaho	82	Mass.	29	N. D.	34	Okla.	76	Utah	52
Ark.	105	Ill.	86	Md.	78	Nebr.	43	Ore.	86	Vt.	43
Cal.	91	Ind.	115	Mich.	95	Nev.	55	Pa.	59	Va.	91
Colo.	127	Iowa	73	Minn.	52	N. H.	33	R. I.	36	Wash.	103
Conn.	41	Kans.	64	Miss.	102	N. J.	45	S. C.	111	Wis.	46
Del.	67	Ky.	132	Mo.	79	N. M.	94	S. D.	34	W. Va.	54
Fla.	64	La.	69	Mont.	96	N. Y.	47	Tenn.	123	Wyo.	106

# BUILDING COSTS OF A STANDARD SIX ROOM FRAME RESIDENCE BUILT IN SAINT LOUIS

Costs are grouped into four classifications of material, four of labor and three of overhead. A further breakdown of these groups is given in detail below. Columns of the table are numbered, and a brief description of the items included in each is given in the paragraphs below. Paragraphs are numbered to correspond with the columns described. Building material costs are indicated by the letter M; corresponding labor items, in red by the letter L.

\*No labor items are shown in Column 16, Building Hardware, as they have already been included in Column 5, Millwork.

## Group A

(1) Masonry: Cement, sand, gravel, quick lime, hydrated lime, hard wall plaster, face and common brick, fire brick, blue lining.

(2) Tile Work: 4 1/2 x 4 1/2 wall tile, ceramic floor tile, cap and base.

## Group B

(3) Unfinished Lumber: Columns, beams, floor and ceiling joists, interior and exterior studs, rafters, bracing, etc.

(4) Finished Lumber: Sub-flooring, sheathing, beveled siding, finished floors, asphalt shingle roofing, roofing felt, tar paper, shingles, etc.

(5) Millwork: Windows, doors, trim, kitchen cabinet, stairs.

## Group C

(6) Heating: Boiler, insulating jackets, fittings, tools, pipes, con-

nections, valves and radiation.

(7) Plumbing: Sill pipes and connections, stack, water pipe and connections, lead cask and bathroom fixtures, hot water heater and tank to be furnished by others.

## Group D

(8) Sheet Metal: Galv. iron (present) gutters, downspouts, flashing.

(9) Electrical Work: Main switch, BX cable, switch boxes, receptacles, transformer, etc. No fixtures included.

(10) Nails and Hardware: Common and wire nails, bolts, camper, ash doors, finish hardware.

(11) Painting: White lead, linseed oil, turpentine.

(12) Miscellaneous: Metal and wood laths, corner bead, insulation.

## Total Material and Labor Costs

## Group E

(13) Overhead and profit of subcontractors in plastering, metal work, heating, plumbing, electrical work and tile work.

(14) General contractor's profit.

(15) Missouri sales tax (now 1% on materials), old age and unemployment tax (Federal and State), liability and employees' compensation insurance, fire and tornado insurance, completion bond.

(16) Total overhead, profit and other costs.

## TOTAL CONSTRUCTION COST

YEAR	GROUP A				GROUP B				GROUP C				GROUP D				Total	GROUP E				TOTAL								
	(1)		(2)		(3)		(4)		(5)		(6)		(7)		(8)			(9)		(10)			(11)		(12)		(13)	(14)	(15)	(16)
	M	L	M	L	M	L	M	L	M	L	M	L	M	L	M	L		M	L	M	L		M	L	M	L				
1913	343	388	24	13	215	101	428	134	350	121	152	136	231	110	65	12	26	49	59	16	64	51	18	1973	1146	248	337	132	717	3535
1914	369	388	24	13	212	101	415	134	349	121	147	135	245	110	59	12	39	49	59	16	64	56	18	1973	1146	248	337	132	717	3535
1915	360	388	24	13	189	108	373	145	329	131	152	144	249	116	68	12	38	52	64	17	69	48	19	1911	1197	257	337	135	759	3537
1916	360	396	24	13	224	108	436	145	363	131	203	144	309	116	101	12	38	52	66	28	69	59	19	2050	1205	295	375	148	815	4267
1917	456	413	25	14	258	109	506	146	396	132	244	152	359	122	108	12	39	54	112	26	69	69	19	2010	1242	325	418	152	898	4747
1918	139	421	25	15	292	118	579	158	446	143	322	152	459	124	95	14	32	54	118	35	75	73	21	2924	1295	346	457	163	968	5185
1919	674	453	25	15	519	128	1008	176	729	154	296	160	345	130	35	15	33	57	113	31	81	112	23	3928	1386	342	566	187	1095	6499
1920	742	463	25	17	607	183	1189	243	1039	220	395	184	372	159	82	21	46	66	143	36	116	132	32	4713	1695	365	677	227	1270	7570
1921	674	501	25	18	479	188	926	250	506	225	273	192	468	156	64	22	35	69	94	30	119	154	33	3664	1773	372	581	215	1168	6665
1922	669	506	25	18	362	174	703	232	571	209	295	204	433	166	64	22	35	73	79	28	111	61	31	3245	1744	370	535	205	1111	6383
1923	633	576	25	21	410	200	793	265	551	242	367	227	430	184	70	23	35	61	94	28	128	96	36	3429	1986	407	582	228	1217	6632
1924	610	703	25	108	401	246	779	328	492	296	274	277	388	224	64	28	35	100	47	35	156	87	44	3521	2516	527	656	274	1457	7485
1925	666	684	25	108	375	251	732	335	479	302	273	255	331	207	68	29	37	92	89	37	159	83	45	3404	2467	508	638	267	1413	7284
1926	566	653	25	108	379	240	732	320	432	288	264	244	351	197	69	27	37	87	85	36	152	83	43	3316	2359	469	617	254	1370	7045
1927	565	621	25	108	354	228	715	304	358	275	251	184	395	159	67	26	37	66	84	33	145	80	41	3190	2157	469	582	237	1282	6635
1928	563	541	208	97	466	184	644	244	377	220	261	184	302	151	71	21	39	66	85	31	116	74	32	3141	1856	438	544	213	1195	6192
1929	565	541	185	97	360	184	687	244	384	220	270	184	325	151	52	21	45	66	69	33	116	71	32	3156	1856	438	545	213	1196	6200
1930	474	422	185	97	340	135	655	181	312	164	351	140	341	114	71	15	39	50	72	33	87	211	24	2964	1429	380	479	175	1034	5847
1931	411	342	155	57	313	106	594	145	254	131	294	112	302	91	52	12	32	46	61	31	70	158	39	2655	1147	317	412	146	875	4677
1932	438	342	139	51	265	108	532	145	269	131	219	112	286	91	50	12	32	46	60	28	70	159	39	2507	1141	295	395	142	832	4480
1933	467	342	130	51	355	108	562	145	344	131	208	112	270	91	62	12	32	46	64	26	70	214	39	2705	1141	291	413	146	850	4691
1934	480	342	122	51	439	108	713	145	494	131	234	112	279	91	65	12	32	46	63	26	70	222	39	3217	1141	299	466	141	919	5277
1935	508	422	111	67	399	135	639	181	523	164	296	140	292	114	43	15	34	50	69	26	87	229	47	3041	1422	330	481	174	955	5465
1936	506	490	111	67	364	159	655	209	494	188	295	160	301	131	50	19	32	57	59	27	98	221	53	3071	1531	344	505	239	1068	5795
1937	563	512	111	67	395	186	742	245	578	221	247	160	326	141	54	22	39	57	64	31	104	206	53	3366	1795	363	544	310	1217	6291
1938	586	425	103	67	357	157	647	204	571	179	241	160	297	134	47	19	26	51	64	28	88	222	42	3106	1532	333	494	306	1133	5771
1939	613	525	103	77	360	159	660	211	513	190	239	160	277	133	49	19	27	57	64	29	109	192	56	3086	1696	344	505	323	1172	5994
Ja 1940	510	538	103	77	374	158	679	215	567	195	236	160	282	131	58	17	32	57	65	30	93	193	61	3129	1702	352	516	327	1165	6026
Ap 1940	510	538	103	77	371	158	651	215	566	195	236	160	285	131	63	17	35	57	65	30	93	193	61	3105	1702	352	516	327	1165	6026
0 1940	510	542	145	86	494	162	703	218	628	197	254	160	294	161	63	17	31	57	66	32	93	203	75	3482	1768	380	569	351	1309	6501
Ja 1941	515	640	145	86	493	182	803	243	645	219	242	160	266	161	62	19	28	52	67	33	104	203	75	3507	1995	420	585	375	1345	6797
Ap 1941	487	639	159	86	463	182	771	243	633	219	241	180	274	149	62	15	28	63	69	33	131	202	79	3432	1995	396	581	375	1355	6775
0 1941	510	650	159	86	553	220	802	279	635	252	250	180	274	149	60	19	27	63	72	34	131	220	79	3626	2115	403	613	397	1416	7140
0 1941	614	678	159	86	544	226	861	303	689	274	262	200	289	187	106	29	34	72	80	35	145	227	79	3804	2279	433	650	424	1517	7526
Ja 1942	514	696	175	86	546	231	854	305	689	275	262	200	314	187	64	29	34	72	79	35	145	229	81	3799	2307	433	653	427	1511	7417
Ap 1942	520	696	175	86	547	231	876	305	715	275	273	200	317	187	64	29	34	72	79	35	145	229	81	3883	2307	433	653	427	1525	7477
0 1942	520	668	162	86	558	207	894	274	715	246	273	180	317	149	56	29	30	65	79	35	130	229	75	3881	2111	419	629	403	1461	7435
Ja 1943	520	668	151	86	561	207	884	274	715	246	273	180	317	149	56	29	30	65	79	35	130	229	75	3873	2111	419	639	402	1465	7444
Ap 1943	520	668	151	86	561	207	884	274	715	246	273	180	317	149	56	29	30	65	79	35	130	229	75	3873	2111	419	639	402	1465	7444
0 1943	520	648	151	99	661	189	884	247	715	222	273	180	317	149	56	20	30	63	79	35	130	223	75	3607	2022	422	631	393	1446	7335
0 1943	528	648	151	99	662	189	1005	247	715	222	273	180	317	149	56	20	30	63	79	35	130	248	75	4112	2622	422	655	393	1476	7615
Ja 1944	528	648	175	99	662	189	1003	247	663	222	273	180	317	149	56	20	30	63	79	35	130	238	75	4082	2022	422	653	398	1473	7573
Ap 1944	528	648	175	99	700	189	1109	247	663	222	273	180	317	149	56	20	30	63	79	35	130	238	75	4226	2022	422	667	400	1489	7737
0 1944	528	648	175	99	700	189	1109	247	679	222	273	180	317	149	56	20	30	63	79	35	130	238	75	4242	2022	422	667	411	1492	7746
0 1944	537	762	175	99	700	189	1112	247	679	222	273	180	317	149	56	20	30	63	79	35	130	246	75	4262	2136	422	682	411	1515	7943
Ja 1945	537	763	175	99	700	212	1112	277	702	249	273	180	317	149	56	20	30	63	79	35	130	246	91	4285	2233	426	694</			





## FORECLOSURES

In July of 1946 our foreclosure index stood at an annual rate of 4.1 foreclosures per hundred thousand families. This is a slight decrease over the figure of 4.6 foreclosures per hundred thousand families in June. It is slightly higher than the low point reached in February of 3.2 and it is also higher than the figure of 3.4 for July of a year ago.

Foreclosures have been proceeding at extremely low levels for the last three years, and it seems quite doubtful whether foreclosures will increase by any marked percentage during 1946 or 1947. Until foreclosures advance successively month after month by fairly large amounts, there will be no indication that the real estate boom is coming to an end.

## RESIDENTIAL BUILDING

During the month of July permits were issued in nonfarm areas of the United States for 59,400 dwelling units. This is the third month in which the number of permits issued for dwelling units has declined. We reached a peak in April with 71,200. The figure for May was 69,200, the figure for June was 64,000 and for July, 59,400. This is not the usual seasonal movement.

The figure on our chart of the number of new dwelling units built per year per thousand nonfarm families has risen from 16.3 for the twelve months ending in June to 17.6 for the twelve months ending in July.

## CONSTRUCTION COSTS

The cost of building our standard six-room frame residence in St. Louis on August 20 was \$10,356. This is an increase of \$200 over the figure on July 15. The increase was divided, \$33 in materials, \$121 in labor items, and \$46 in overhead items. This figure is 76 per cent above the cost of building the same house at the time that the war started in Europe.

It is our belief that building costs will continue to climb until some time in 1947, when they will reach their peak.

## RENTS

It is now quite apparent that no relief can be expected for property owners who are renting units during the balance of 1946 and with only slight hopes for the first part of 1947. With the expiration of price control in 1947, however, it seems probable that some arrangement will be made for increasing rents slightly. The increase will in all probability be insufficient to provide an adequate return, but will be about the best that can be expected.

It is generally assumed, particularly by persons depending on political favors, that renters are in the great majority and that property owners are generally wealthy individuals in a very great minority and, therefore, persons who can be ignored. It might be well for these persons to study the published report of the Bureau of Internal Revenue. In these reports income taxes are analyzed by years and by type of income received. We find from the 1942 report, which is the last one available, that rents (including royalties) accounted for \$1,956,567,000 worth of income, and of this \$495,541,000 was collected by individuals with over \$5000

of net income. This is 25.3 per cent of the total, which would indicate that persons with less than \$5000 net income collected 74.7 per cent of all rents and royalties collected by individuals in the United States. This would indicate that by far the larger percentage of property owners are persons who own one, two, or three units probably in the same building in which they live, and that in the aggregate this small rental business covers approximately three-fourths of the rental units in the United States. The continued injustice to this group in present rent control policies will eventually make them vocal and a political force to be reckoned with.

#### BUSINESS ACTIVITY

Business activity has continued to follow its erratic course. During the last month for which figures are available, it was 14.8 per cent above the long-term computed normal. It seems to us that business during the balance of 1946 will be better than business sentiment and, particularly, speculative sentiment would indicate at the present time. While we believe there is a decided possibility that by some time in 1947 general business will show a marked decline accompanied by a drop in prices, it seems improbable that this will occur before next spring and probably later. Until then most business concerns should experience large volumes with reasonable profits for low-cost producers. While many people are being priced out of the market, there are still sufficiently large numbers with available cash to take up practically all of the production capacity during this year and the first part of next. We also think that the probability of very wide-scale labor trouble this fall has been over-discounted. Many of the unions which have undergone prolonged strikes are finding their treasuries badly depleted and their ability to wage protracted additional strikes considerably limited. It seems to us that new demands in most cases will be delayed until after the election; and if they are delayed until industry is in full production, additional wage rates can be granted without, at that time, increasing prices by a comparable percentage. Had the unions waited before until production was well under way, it would have been possible to grant increases to many groups without the increases in prices which we have had accompanying the last wage changes.

#### STOCK MARKET

In our last report for July 31, we said: "The general pessimism among investors, however (not shared as a rule by business), may bring on a sizable readjustment downward before the upward movement is continued. We would suggest a 'watchful waiting' policy on the market, accumulating cash reserves until the present obscure situation is sufficiently clarified to make it possible to invest rather than to speculate." At the time that this report is being written, this readjustment has been taking place. The market has had some very sizable drops due to war scares and an attempted discounting of labor troubles and of increasing inventories, probably trying to discount the depression of 1947.

It is our belief that there is insufficient reason for the drops in the market at the present time, but we also realize that if enough people are mistaken about the situation, their very pessimism may bring about the condition that they are trying to discount. That is about our feeling on the market at the present time. The tremendous drop has aroused so much pessimism that the market may go further before it shows any substantial recovery. We also think it probable that recovery will be rather slow for a while. Stocks seem under-priced at today's level.